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World News

Nordic

Harris of the Control of the Control

heightens tension

New tensions were introduced in Angio-Irish relations after the London Court of Appeal dismissed appeals by six Irish-men against their convictions for the murder of 21 people in Birmingham public house bomb-ings in 1974.

The court decision came at a

particularly delicate time in London's relations with Dublin. Lawyers for the men said they planned to take the case to the House of Lords, Britain's highest court of appeal. Page 28, analysis, Page 14

Contras propose power sharing

Nicaraguan Contra rebels proposed a power sharing arrangement between opposition par-ties and the Sandinista

As talks began with Sandinista representatives in Costa Rica they put forward a plan for an interim government of national reconciliation which would initially exclude Contra leaders. Page 4

Worldwide AIDS fight

Health ministers from 120 countries pledged international countries pleaged international co-operation to reduce the spread of AIDS. The ministers, attending a world summit on the disease in London, agreed to share ideas on how to encourage people to change their sexual behaviour. Page 14

IRA weapons found

An Irish Republican Army arms cache - including 90 Kalashnikov rifles, 40,000 rounds of ammunition and heavy-duty machine guns capable of bringing down helicopters - was found on a remote beach in the Irish Republic.

Gaza curfew lifted:

Israeli troops lifted the last remaining curfew in the occupied Gaza Strip but unrest flared in the West Bank where Palestinian youths threw stones in London at DM1.6675, SFr1.3675, V127.175. It closed in London at DM1.6660 find activities at their numerat an israeli Government ministrae, and other clashes were (FFr5.6925); SFr1.3560 (SFr1.3610); V127.15 (V127.50), Page 37

SA gangs on rampage Hundreds of people fied a squatter camp outside Cape Town, South Africa, when black gangs rampaged through the area setting fire to shacks STERLING closed in New York at \$1.7810. It closed in London at \$1.7830 (\$1.7840); DM2.97 (DM2.9750); FFr10.0150 (FFr10.0250); SFr2.4175 (SFr2.4225); Y226.75 (Y227.0). Companisation. According to Shia militiamen and accurity officials, it is the black gangs rampaged through the area, setting fire to shacks and attacking residents. Residents said at least one person was killed but this was not con-

North Korean relly

North Koreans held a mass rally in Pyongyang to protest against what the Government called American and South Korean military provocation. Sulk-ing in its solitary tent, Page 3.

Co-operatives rescued Malaysia's central bank said it would pay more than 1bn ring-git (\$400m) to ball out 13-co-operatives accused of misman-agement but warned it would not come to the rescue again.

Peru strike clash

Demonstrators blocked roads with burning tyres in Lima, Peru, and police fired tear gas to disperse students who threw rocks during a 24-hour general

Steelworks demo

Thousands of children helped to form a human chain around a steel plant marked for closure in Duisburg, West Germany, while workers went on strike at foundry also due to shut down near Regensburg in Bavaria.

Brazil deal criticised

The US criticised Brazilian For-eign Minister Roberto Abren Sodre for suggesting there was no harm in Brazil selling weap-ons worth billions of dollars to

Atom spy Fuchs dies Physicist Klaus Fuchs, jailed in 1950 in England for spying on nuclear secrets at the British atomic research centre at Har-well near Oxford, died in East Germany aged 76. Page 2

Business Summary Bomb case UK current account Anglo-Irish deficit worst for 13 years

deficit on its belance of payments totalled £2.7bn (\$4.8bn) in 1987, up from £940m (\$1.7bn) in 1986 and the biggest shortfall for 13 years. Page 10

FRENCH and GERMAN share prices retreated to two and three-year lows respectively as overseas investors led a sharp sell-off. The Paris CAC index,

West Garmany Commerzbank Index





based on the opening prices of 244 shares, was down 1.2 at 253.0, while the Frankfurt FAZ index sank 7.82 to 397.77. Page

WALL STREET: The Dow Jones industrial average closed up 18.90 at 1,930,04. Page 48

TOKYO: After a weak start share prices took encourage-ment from the dollar's continued stability and the Nikkei average closed 251.34 higher at 23,587.25, Page 48

LONDON: Bolstered by strong speculative trading in oil shares and unflustered by the hefty UK current account deficit, equities managed a resilient gain and the FT-SE 100 index closed 18.7 higher at 1,783.9.

ATLANTIC Richfield, US oil company, took a 14.6 per cent stake in Tricentrol, independent stake in Tricentrol, independent UK oil concern, paying up to 180p (\$3.21) per share and out-bidding Elf Aquitaine, French oil group, which had increased its offer of 145p to 160p (\$2.85) earlier in the day. Page 27; Lex, Page 26

BRAZILIAN Government has dropped a controversial pro-posal allowing foreign creditors to trade debt for long-term gov-ernment bonds, instead decreeing that debt can be exchanged for shares in local companies.

POLAND'S economic growth rate dropped to 2 per cent last year, its worst performance for five years.

WEST GERMAN Government is aiming for economic growth of between 1.5 and 2 per cent

this year. Page 2 **EUROPEAN** Investment Bank

lending increased 2.6 per cent to Ecu7.84bn (\$6.37bn) last JAPAN'S industrial production

index for December rose 8.6 per cent against the same month the previous year. Page 8

SWITZERLAND'S watch industry achieved record exports of SFr4.34bn (\$3.2bn) last year, despite the strength of the Swiss franc. Page 4

BRITISH investors schieved a better return from equity investments than from gilt-edged securities over the past six years. Page 12

PORSCHE, West German lux-ury sports car producer, fore-cast it would remain in profit this year, despite sharp falls in turnover and production precripitated by poor sales in the US after last October's stock market crash. Page 27

US set to ease European defence technology curbs

BY PAUL BETTS AND IAN DAVIDSON IN PARIS AND STEWART FLEMING IN WASHINGTON

to its European allies.

A breakthrough was being forecast by some observers last night as completion drew nearer of an agreement for an exchange of radar technology between Thomson CSF, the French state-controlled defence electronics group, and Texas Instruments, the US semi-conductor manufacturer.

Under the exchange, Thomson would be provided with the components necessary for development of miniaturised radar for France's ambitious advance combat aircraft, the Rafale.

Mr Dennis Kloske, US deputy
under-secretary of defence for
planning and resources, will
lead an American delegation to
The agreement was reached Paris early next month to nego-tiate the final details of a memorandum of undestanding between the two governments, described last night by a senior Pentagon official as "a landmark decision."

The memorandum of under-

standing will cover monitoring of the technology transfer, target dates for the release of Texas Instruments technology for American demands that the

Beirut yesterday for traces of the latest West German hostage in the Lebanese capital, Mr

Ralph Schray, as their com-manders signalled determina-tion to obtain his release.

The Syrians, who have been deployed in force in West Bei-

and security officials, it is the work of Mr Abdel Hadi

Hamadei, the brother of two

Lebanese Shia now in prison in

West Germany.

He is reported to have acted unilaterally to step up pressure

on the Bonn Government to release the two brothers, one of

whom, Abbas Hamadei, is on trial in Dusseldorf accused of

agreed.
Mr Kloske has also indicated
that Washington was considering approval of a parallel radar
technology transfer exchange for the new four-nation Euro-pean Fighter Aircraft (EFA) programme.
This second radar technology

agreement would involve Hughes Aircraft of the US, AEG of West Germany and General Electric Company of the UK.
This important shift in American policy coincides with a compromise agreement between the US and its Western allies on new rules governing the control of high-technology exports from the West to the Soviet

The agreement was reached yesterday after a two-day closed-door session of the Coordinating Committee for Multinational Export Controls (CoCom), which includes the members of Nato (except Iceland) plus Japan.

Egypt wins support

President Reagan yesterday assured Egyptian President Rosni Mubarak that the US

fully supports Egypt's peace initiative for the Mid-dle East, Reuter reports from

Washington. "We are partners in this endeavour," Mr Reagan told Mr Mubarak, who nevertheless indirectly.

cautioned the American leader not to be distracted

from peace moves by elec-tion-year politics. Page 26

nationals, Mr Rudolf Cordes

The carefully-planned abduc-

issued a stern warning to Mr Hamadei to release the captive.

tion was a major setback to many to clarify remarks by a Syrian authority, and Syrian senior official suggesting that military commanders have Bonn refused to extradite Mr

and Mr Alfred Schmidt

West Beirut.

for peace moves

THE US is poised to ease have to apply to the US Gov- be tightened up, in exchange the hand of those arguing for restrictions on transfer of some ernment for an export licence for American agreement that sensitive defence technologies once the memorandum is the list of banned technologies of the proofers has not crumshould be slimmed down,

> Washington has been coming under increasing pressure from its Western allies to liberalise its technology transfer policies, which have at times seemed designed as much to hobble the development of European tech-nologies as to prevent the sale of militarily-sensitive technol-ogy to the Soviet Union.

However, a Pentagon official warned that nothing had yet been signed between the US and France concerning the radar transfer and that what is being examined is an agreement to explore the prospects for co-operation. He added that some "tough negotiating" had yet to

He inferred that continuing disagreements in Washington about the wisdom of sharing sensitive military technologies were still an important obstacle to the establishment of a clear cut policy in favour of such military co-operation.

Although the Intermediate Nuclear Forces treaty with Moscow, which calls for the removal of medium and and security issues. implementation of controls on short-range nuclear missiles. The industrial partners will high-technology exports should from Europe, has strengthened

cree name or those arguing for greater co-operation to develop high-tech weapons, opposition to such transfers has not crum-bled.

French sources were not rul

ing out the danger that the US might attempt to impose a ban on French exports of the jointly developed radar or of aircraft

using that technology.

The proposed agreement between Thomson and Texas Instruments would involve the transfer of Thomson air-to-air radar technology in exchange for the American company's air-to-surface technology and its expertise in miniaturised

This technology transfer could prove crucial to France's Rafale advanced combat aircraft, by providing it with a suitably small, light and cost-effective radar.

David Thomas writes: Hughes' European partners think that full transfer of the technology behind its APG-65 radar is a key to their chances of winning the £1bn (\$1.78bn)

radar contract for the European Fighter Aircraft.
The Hughes-GEC-AEG consortium intends to adapt the Hughes radar for the European fighter

Background: Page 2

Syrians comb Beirut for faces West German hostage all-out Schray, who is Lebanese-born but has a German passport. Mr Friedhelmost, the Government spokesman, said it had no confirmation that Mr Schray's kidnapping was linked to the seizure of Mr Cordes, an employee of the Hoechst chemical group who is still being

in London

FORD Motor Company's 32,500 manual workers in Britain will start the company's first national strike for a decade at cal group who is still being However, diplomats and

newspapers said the kidnap-ping was clearly linked to the trial in Dusseldorf and the con-tinued imprisonment of Mr The unions set the Sunday midnight deadline for strike action three days ago, workers having voted for strike action Mohammed Ali Hamadei, who is accused of hijacking a TWA air-liner to Beirut in June 1985.

As the Government's hostage crisis team held an emergency meeting, spokesmen emphasised pay and conditions offer. January.

The officials said Syria was determined to get the missing engineer back to restore its credibility as the policeman of Bonn's policies on hostage-tak-

The company improved its pay offer by 0.5 per cent for 1987-88, bringing the first-year increase to 7 per cent and offered rises in the subsequent

two years worth 2 per cent Continued on Page 26

Ford UK strike

midnight on Sunday.

It is thought most of Ford's 22 plants will be brought to a halt today by spontaneous wal

Pay talks broke down yesterday after union negotiators rejected an improved three-year

Union leaders decided to go ahead with the planned strike after talks broke down yester-

Closer G7 links sought by Nakasone

MR YASUHIRO NAKASONE. the former Japanese prime minister, yesterday called on the seven big industrial nations to establish a "broad-sighted defacto alliance" to ensure the economic security of the free

More immediately, he suggested it was time for the US to introduce tax incentives to boost domestic savings and to begin issuing government bonds denominated in foreign currencies.
Mr Naksone's first public

speech since he relinquished the premiership last year turned into a resounding appeal for closer co-ordination among the major Western nations in both economic and security matters, in which Japan would

play a full role.
Strengthening the structural framework for closer co-opera-tion between the Atlantic and Pacific spheres was a major prerequisite for global prosper-

prerequisite for global prosperity, Mr Nakasone said.

The need for a new co-operative framework in the West had been signalled by the October stock market crisis and by the signature in December of the US-Soviet INF agreement scrapping medium-range nuclear missiles, Mr Nakasone argued.

The "stinging message" of the October crash was the result of the market's suspicion that eco-

the market's suspicion that eco-nomic policy makers were divided. The subsequent tur-moil in the stock and currency markets warned of insufficient policy co-ordination.

After the INF agreement Mr Nakasone foresaw a Soviet peace offensive in Asia, focused not only on Japan but also on China, "another Marxist-Lenin-ist great power." The Soviet Union certainly had China in mind when it agreed to destroy its medium-range SS20 missiles deployed in Asia, Mr Nakasone

called for consultations to work goal. out a comprehensive Western



economic policy co-ordination among the G7 industrial nations could be just as important for security as a military alliance.

Mr Nakasone was giving the opening address to the World Economic Forum, the annual businessmen's summit in Davos, Switzerland, for which the new state of the world economy is a major theme this year.

Although he is no longer pre-mier, he remains a highly influ-ential senior statesman and left no doubt that he was speaking

To restore belief in the dollar which he described as "the world's sole key currency," the US could follow Japan's exam-ple and introduce tax incentives to encourage savings, Mr Naka-sone suggested. This would help solve the problem of the twin budget and current account deficits.

If stock markets crashed again, Japanese and other for-eign investors would be more said.

In finding an effective cautious about investing in US response to the expected Soviet moves in Asia, increased cooperation between the US, Western Europe and Japan would become all the more important. Solidarity among Western nations would also be the key factor in the post-INF negotiations to abolish chemical weapons, reduce conventional forces and reach establish at a radiced that the industrialized countries in the solidar countries and reach establish at a radiced that the industrialized countries in the solidar countries are reachestablished to the solidar countries are reachestables.

level of strategic nuclear weap-ons, Mr Nakasone argued. He dise their taxes as a long-term

Ruefully admitting that his strategy. own attempt to introduce tax
The West needed to adopt reform in Japan last year had global approaches to both ecoben "a painful lesson," he nomic and security problems. If suggested that international the world economy were to break down, so would world system could help persuade security. The framework for people of the need for reform.

In Bonn, the West German Government attempted to play down the kidnapping of Mr involvement in the kidnapping of two other West German IBM reshuffles top managers in attempt to lift profit growth

managers yesterday in an attempt to obtain a faster pay-off from the painful steps it has taken in recent years to revital-ise a stagnant performance. The company will delegate more powers to a newly created

echelon of general managers in the hope of making it more responsive to customers.
Conversely, IBM has tightened control over technology to help prevent overlaps and incompatability between prod-

Mr John Ackers, the chair-man, said that the new struc-ture "builds upon the actions we have taken over the last two years to streamline our busi-ness and enhance our partnership with customers."
While he remains chairman, it appears that significant day-to-day responsibilities have

been devolved to more junior

ianagers. Mr Acker, an intellectual who

is widely credited with devising

The shake-up elevates two executives with reputations as "men of action" to vice-chair-

Mr Kaspar Cassani, a Swiss, who heads IBM World Trade,

receives broader worldwide marketing responsibilities. Mr Jack Kuehler, formerly head of information systems worldwide, will oversee a broader range of business. A newly created organisation, IBM United States, will be responsible for US marketing, manufacturing and financial

performance.

However, it will also have the leading role in ensuring IBM "is fully responsible to worldwide marketplace requirements, while providing systems that interconnect effectively," the company said. company said.

INTERNATIONAL Business the group's revitalisation plans, though, by the failure to Machines, the world's largest is considered less effective as computer manufacturer, substantially reshuffled its senior the group's revitalisation plans, though, by the failure to rebuild profits faster.

Its recently released 1987 results would have shown a decline for the third year running without help from special factors such as currency gains.

IBM has also been struggling

Britain has asked West Ger-

US because of fear for the lives

mmed Ali Hamadei to the

to overcome its reputation for having families of products which are hard to connect together in networks.

Mr Terry Lautenbach will head the US organisation, reporting to Mr Kuehler. Five general managers will report to Mr Lautenbach.

Their responsibilities will be: large systems and software; mid-range systems and software; work stations, personal computers and printing devices; communications products and software; and technology products.

It appears, however, that some middle managers will Despite some remaining weaknesses in its product line, IBM's turnround began slowly in the middle of last year.

Management and investors have been disappointed, involved with the new units.

ONE TRIP TO PETERBOROUGH SAVED THIS TRAVEL COMPANY OVER £3 MILLION LAST YEAR



In business as well as in travel Thomas Cook have always been going places. But never more so than since they moved their international

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Tal.	IT'S BEEN WORKING POR CENTY

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SANCTIONS **PUT THE** FREEZE ON N. KOREAN WAHT

Kim Jong II, known as the Dear Leader, will succeed his father 'The

Great Leader,' Kim Il Song, Page 3

Trade: Fighting words from France's Mexico: Selling a debt exchange scheme to

Argentina after the rebellion: Putting Labour party

Editorial comment: Changing role of the

Bank; Anglo-French prior ities

the sceptics .. Space: Moscow makes for Mars .

Politics today: Restoring faith in Britain's Lex: Arco; Dee Corp; Ivory & Sime; Unit

TWELFTH FRANCO-BRITISH SUMMIT

Vitterrand to seek boost for missile project

THE FRENCH President, Mr Francois Mitterrand, will seek to give new political impetus to the project for an air-launched nuclear-armed missile, under study for joint development by France and Britain, when he visits Lendon today for the twelfth France-British summit. Last month Mr Andre Giraud, France's Defence Minister, and Mr George Younger, his British counterpart, announced that their governments were embarking on joint studies of a medium-range air-launched mis-

But pre-summit briefings in Paris have implied that these studies have run into difficulties on the British side, and need an additional political push. The French Government has regarded the project as an important precedent for tion with Europe's only other sile would have a longer range, an extra political boost earlier US-Soviet Start negotiations for nuclear power. Nuclear co-oper-to ensure the capability of striation with Britain has been king Soviet targets. French offi-Government decided to order weapons, the need for arms

Death of

atom spy

PROFESSOR Klaus Fuchs, the

East German physicist jailed in 1950 in England as a Soviet

atom spy, died yesterday aged 76, according to the East Ger-man news agency, Reuter reports from East Berlin.

A German Communist forced

to emigrate to Britain by the Nazis in the early 1930s, he

spied on nuclear secrets at Brit-

ish atomic research centre at Harwell near Oxford for three

The US Congress Atomi

He moved to East Germany after serving nine years of a 14-year sentence passed by a British court in March 1950 for

espionage.
Prof Fuchs then became a pil-

lar of East German society as deputy director of the country's nuclear research institute at

He had worked in the anti-

Nazi underground movement

for two years before he was

later to England where he arrived in 1934.

He took a science doctorate a

Edinburgh University. In 1940.

he was rounded up together

with other Germans in Britain

and sent to Canada as a internee. Upon his return to Britain and further study at

Glasgow University, he became

as an atomic research assistant

and in December 1943 he was

sent to the US as a member of Britain's Atomic Energy Com-

mission and remained there until June 1946, working

closely on the development of the world's first atomic bomb

at Les Alamos.
Upon his return to Britain, he

was appointed deputy scientific

Meanwhile, it became increas-

ingly apparent that atomic

information was being leaked to the Russians, but it was many

months before Fuchs was iden

several years.

East Germany jailed a dis-

sident yesterday as its press kept up a barrage of tough arti-

cles aimed at Bonn.
Mr Wolfgang Schnuer, a Protestant Church lawyer, said Mrs
Vera Wollenberger had been

in 1942, he was offered a job

a naturalised Briton.

Rossendorf, near Dresden.

Energy Commission said his spying helped speed up the Soviet Union's atomic weapons

programme by 18 months.

years until unmasked in 1949.

Fuchs,

Soviet

given sharply increased prior-ity by the French Government ever since the US-Soviet INF agreement to remove a whole class of medium-range missiles from Europe became a certainty last year.

President Mitterrand has also recently expressed reservations about the military credibility or political acceptability of France's existing sub-strategic nuclear weapons, whether ground- or air-launched, because their range is too short to avoid striking targets in Ger-

France already has an airlaunched nuclear missile, the so-called Air-Sol Moyenne Portee (ASMP), whose range varies between 100km and 350km depending on height of launching. The

The projected joint sault.
Anglo-French air-launched mis-

THE BONN Government said

yesterday it was aiming for growth in the West German

economy of between 1.5 and 2

per cent this year. But the projection, contained in the Gov-

ernment's annual economic report, was immediately criti-

rised as over-optimistic by the

opposition and trade unions.

The report, which contains no

economic policy initiatives, foresees that the overall deficit

of central, regional and local governments will rise to a

larger than expected DM70bn (\$23.5bn) from DM54bn in

Growth last year was 1.7 per

Mr Martin Bangemann, the

cent, below the government tar-

Economics Minister, presenting the report, admitted that the

projection for this year was ambitious, in view of forecasts

by several economic research institutes that growth would be between 1 and 1.5 per cent.

Repeating his aversion to pes-

BY DAVID BUCHAM IN BRUSSELS

simism over economic pros-

get of 2.5 per cent.

the nature of the difficulties which have arisen. It appears sile desired by the UK. that one detailed problem is a difference of opinion over the range of the weapon, with the British Government seeking an

even longer range than France believes is necessary.

Technically, such a disagree-ment could be the direct consequence of the differences in the characteristics of the next-generation combat aircraft being planned respectively by the two countries. It was these differences, notably about the size of the aircraft, which led France to drop out of the negotiations with Britain, West Germany and Italy on the joint European Fighter Aircraft (EFA) project. in favour of its own, smaller Rafale fighter, designed by Das-

The Rafale, which was given

Bonn growth target under fire

Martin Bangemann

ambitious projection

sustained by domestic demand.

This is projected to grow by 2.5-3 per cent in real terms, against a rise of 2.9 per cent

Unemployment is foreseen to

A SURGE in regional develop- the EIB president, claimed that would be around Ecu 6.7bn-

drive to create a single inte-

grated market within the next

including the

last year.

EIB lifts lending by 2.6%

pects, Mr Bangemann pointed grow by 60,000 on average this out that this year's expected growth would continue to be of the workforce.

A third factor for the Ecu itself on good terms. increase was the decision by He said that despite the anticthe EIB, the Community's chief ipated increase in EIB

cials are reluctant to specify two prototypes, could be too control on conventional forces

But French sources imply that the difficulties over the technical characteristics of the proposed air-launched nuclear weapon are not purely techni-cal, but have ramifications which may extend into differ-ences of opinion about nuclear strategy and doctrine.

At the same time, however, they are at pains to emphasise the many defence and security issues on which the two govern-ments agree, and on which they must concert their positions in at sui the wake of the US-Soviet ance. Euromissile agreement.

They claim that the two governments are in complete agree-ment on the importance and sig-nificance of the Euromissile agreement, the value of the US-Soviet Start negotiations for

Inflation is forecast to stay

well under control, with con-sumer prices rising by 1 per cent against an increase of 0.6

The government projection assumes an increase in real exports by 1.5-2.5 per cent, following stagnation in both 1986 and 1987. This assumption, along with the Government's projection of continuous mentions.

projection of continued robust domestic demand, has been

attacked by the opposition Social Democratic Party, which believes the Kohl administra-

tion is underestimating the effects on West German com-petitiveness of the decline in

4-5 per cent this year - much faster than exports. This was

hailed by Mr Bangemann as a further contribution to lower-

ing balance of payments dis-equilibrium. However, the effects on West Germany's

large current account surplus

will be only slight, in view of

falling import prices which have bolstered the surplus in

per cent last year.

small to carry the size of mis- and chemical weapons in Europe, and above all the need to exclude British and French nuclear weapons from superpower negotiations.

In addition, President Mitter-rand will undoubtedly seek to persuade Mrs Margaret Thatcher, the British Prime Minister, that the intensification of France's defence co-op-eration with West Germany, which was given new promi-nence at last week's celebration of the anniversary of the Fran-co-German Treaty, is not aimed at subverting the Atlantic Alli-

He will assure her, as he said at last week's celebrations, that Franco-German defence collaboration "is not a Franco-German axis," but is aimed at strength ening Europe. Mrs Thatcher has publicly expressed anxiety that Franco-German defence co-op

Caution in Denmark on Soviet arms offer

By Hilary Barnes in Copenhager

MR BERNT Johan Collet, Denmark's Minister of Defence, is highly sceptical about Soviet proposals for creating a better balance in conventional weapons between Nato and the War-

saw Pact.
"I want to see it before I will believe it," he said.
"The current threat from the Warsaw Pact against Nato has not changed in

In the Baltic, in which Denmark has an immediate interest, the Soviet build-up of new types of vessels and other military facilities had continued unabated.

"The build-up is of an offensive character, and this hasn't changed.
"You don't defend your-self with amphibious ves-sels," he added, referring to

an increase over the past few years in Soviet amphibious troop-carrying capacity. Mr Collet was also dubious about proposals made by Mr Mikhail Gorbachev,

The Danish minister said that further details of the Soviet proposals, contained in a speech by the Soviet Prime Minister, Mr Nikolai Ryzkhov, in Oslo last month seemed calculated to drive a wedge between the Nordic members of Nato - Den-mark, Norway and Iceland and their allies.

The Soviet suggestion was

Mr Collet did not reject

lira sinks further on free market By Jim Bodgener in Ankara

Turkish

A DRAMATIC slump in the value of the Turkish lira this week on the unregulated domestic markets is continuing despite a warning against spec-ulation from Mr Turgut Ozal, the Prime Minister.

The slide to 24 per cent more than the official central bank rate has been blamed partly on popular mistrust of the Turkish

The lira railied slightly on the free markets against the dollar following the warning by Mr Ozal to banks on Wednesday that their licences might be revoked if speculation were not checked. But then it continued downwards under the pressure of heavy foreign exchange buy-ing by banks to around TL1,380 against sterling (£1=\$1.77) yes-terday afternoon, compared with the central bank daily rate

Turks anxious to convert their savings into foreign cur-rency as a hedge against infla-tion have added to the pressure on domestic currency. Foreign currency holdings now amount to a third of total deposits.

Fears that there will be a mini-devaluation of the lira before its flotation - expected in March - in search of eventual full convertibilty, have not

Banks have also increased commissions for foreign exchange transactions to 25 per cent. Local press reports say that available foreign exchange has been squeezed further by an increase in fictitious expor returns from exporters seeking to claim export tax rebates which are being gradually

The central bank recently required banks to raise the amount of foreign currency deposited with it by one per-centage point to 16 per cent.

Spain stands firm on rights to fish in Moroccan waters

SPAIN is even more determined to hold out for a better deal with Morocco over fishing rights after a decision by the European Commission to pay Ecu3m (\$3.69m) compensation this month to Spanish and Portuguese fishermen unable to fish in Moroccan waters since January 1.

January I.

Now that Brussels is negotiating on Spain's behalf for renewed rights to Morocco's rich fishing grounds, Madrid has stiffened its resolve to end the gradual erosion of its fieet that characterised previous bilateral agreements when Spain was not in the EC. Morocco is keen to ensure

that its fishing industry - which has doubled since 1983 to a turnover of \$450m a year with 100,000 employed - is allowed greater access to a major source of national wealth. Officials in Rabat, who say 70

per cent of Spanish fish exports come from Moroccan waters, want to cut Spain's quota on conservation grounds. conservation grounds.

According to fisheries offi-cials in the Canary Islands,

where 150,000 people depend directly or indirectly on the Moroccan fishing grounds, any climbdown would be the death knell for the local fleet. Over the past four years the Canaries fleet has been reduced by 40 per cent to accommodate Moroccan demands.

Moroccan trawlers have increased their lucrative catch of squid from 10 tons in 1983 to 195 tons last year, largely thanks to generous Spanish credits which have allowed Rabat to buy bigger fishing ves-sels from Spain.

Spain refuses to accept any cut in the 700 vessels from the Canaries and from southern Spain that habitually fish in Moroccan waters. It will, how-ever, accept a 15 per cent cut in the squid catch which is the focus of the argument because of the high price it fetches.

Tom Burns in Madrid and Francis Ghiles in London report on how Spain is resisting the erosion of agreements struck before it entered the European

Community

Morocco, citing conservation, insists that the Spanish squid catch be cut by 45 per cent over four years. Specialists, however, dispute the conservation argument, at least with regard to squid. Moroccan negotiators have affered Spain a fourfold have offered Spain a fourfold or fivefold increase in its intake of tuna and some other species. but this does not appear to interest the Spanish.

Spain apportions equal blame to Morocco and to the European Commission for the end-of-year collapse of the fishing agreement negotiations and for the consequent halt on January ! to the activities of its Moroccan waters vessels.

As Spanish officials see it, if Rabat was obdurate, Brussels was less than tough.

The Commission's compensa-Spanish fisherman say that tion terms, in addition to allowing Spain to sit out the dispute for the time being, buttressed the Spanish view that the problem is one for the Community

Madrid officials are glad the Community is at last confront-ing the difficulties of negotia-ting with Morocco and feel Brussels should bring greater pressure to bear "We fish in their waters, but

Moroccan citrus products, which are sold cheaper than ours in the Community, are transported through Spain, said one Spanish official.

Panic sweeps

currency shops

SOVIET citizens who travel or

work abroad are to lose the right to exchange their foreign earnings for hard currency cou-

pons used to buy luxury goods

in special shops.

The Soviet authorities

angounced yesterday that they

are to phase out the coupons by

July 1, ending what they

nomezon. Instead hard cur-

rency will be exchanged for

roubles at the official exchange

rate or may be kept in foreign

currency accounts at the State Bank for Foreign Economic

Affairs (Vnesheconombank) for

rumoured for some time, has led to a wave of panic buying

at the special hard currency beriozka stores in Moscow,

which sell Western consumer

The move, which had been

use on trips abroad.

By Charles Hodgson in Mosci

Soviet hard

Murdoch may launch satellite news channel

about the concept.

channel on Astra, the 16-channel television satellite scheduled for launch towards the end

news channel. "Eventually we would want a service that is European rather than British or French, produced simultaneously in different languages," said Mr Murdech

He confirmed that, subject to vision channels on Astra, a medium power satellite designed to deliver television

Mr Murdoch said he planned

the new European sports chan-

Astra satellite will be picked up all over England on a 60cm dish, and in quite large parts Murdoch during an interview in New York earlier this week.

the venture through his 20 per cent stake in Pearson, one of BSB's founder shareholders.

enough to give BSB a decisive commercial advantage.

Mr Murdoch said he planned continuing belief in European to transfer Sky, his existing satellite television despite Sky's general entertainment satellite initial losses.

goods, foodstuffs and liquor unavailable in ordinary shops. The youth newspaper Komsomolskaya Pravda yesterday carried a mocking article about lengthy queues of shoppers des-perate to unload their stock of coupons. It quoted the manager of one of Moscow's biggest hard currency shops as saying that shoppers were "buying things that no one has ever bought before or wanted to buy," from

cheap French perfume and soap to three-piece suits. The head of the local foreign currency shops association told the daily that trade had increased fivefold in the last increased fivefold in the last quarter and that shops were having to stay open for up to two hours longer in the eve-nings to cope with demand. He added that the police had been called in to control queeks.

The existence of beriozka stores has long been a source of esentment to ordinary Soviet shoppers, who regularly have to queue for lengthy periods to buy goods in short supply. They have also led to specula-tion in both the coupons themselves and the goods bought with them, and have encour-aged a thriving black market in hard currency.

The move appears to be aimed primarily at stamping out this speculation and the

foreign currency accounts at the Vnesheconombank would be able to pay for goods by cheque, almost unheard of in the Soviet Union.

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five years, the bank would not need a capital increase before 1992. EIB officials predicted year will see some renewal of dubbed the European Year of the Environment, from Ecu Mr Ernest-Gunther Broeder, that the bank's borrowing lending to this sector in the UK.

lending agency, to double its lending for environmental proj-ects to Ecu 1.6bn in 1987.

director of the British Atomic Energy Research Institute at THE 12-nation European Com- next Tuesday. nunity will let the six members of the European Free Trade Association participate in its slowing EC integration or of stood by its 1984 community neglecting the interest of to create a common economic poorer EC members.

tified as the source.
Under interrogation, he confessed and was charged with passing secret information to the Russians over a period of

Mr de Clercq acknowledged the importance of Efta whose imports of EC goods equalled those of the US and Japan com-

the EC market and fears by southern EC members that then interests might be overlooked in reaching accords with richer

masked an almost total cessa-tion of loans to small UK com-

ment projects in poorer parts of the turbulent market conditions of 1987 had proved again the European Community, plus industrial investment, helped increase lending by the European Investment Bank (EIB) by 2.6 per cent in real terms last year to Ecu 7.84bn (\$5.4bn).

The EIB president, claimed that would be around Ecu 6.7bn-6.8bn this year.

At the Community's insistence, the EIB has been targetest institutional borrower and ing more loans to small and medium-sized companies, which had raised Ecu 5.6bn in 13 different currencies including the ipated increase in EIB panies, because of the UK Trea-operations during the EC's sury's decision not to cover the exchange rate risk on loans to the private sector. Despite con-

De Clercq gives warning to Efta

BY DAVID BUCHAN IN BRUSSELS

Efta states.

The EC welcomed Efta efforts to approximate their laws to those of the Community, but they would still have to reach poorer EC members. Mr Willy de Clercq. EC external affairs commissioner, gave this warning in advance of a key EC-Efta ministerial meeting space" between the two trading they would still have to reach specific accords with the EC. But he sought to dispel illustria might be a long process, sions by Efta members that and the EC could not be bound they could get a "free ride" into

the Soviet leader, for reducing military activity in the marine areas of the Arctic "Tension has arisen because of the enormous

build-up of Soviet strength in the Kola Peninsula and the Barents Sea.

that the Nordic countries could send observers to Soviet fleet exercises in northern waters and could monitor Soviet vessels entering the Baltic to ensure they do not carry nuclear weapons.

the Soviet proposals out of hand, but said they must be discussed multilaterally between Nato and the War-saw Pact - and not bilater-

BY RAYMOND SNODDY

MR RUPERT MURDOCH, chief executive of News Corporation, is looking at the possibility of launching a satellite television news channel for Europe to compete with Mr Ted Turner's Cable News Network.

A study is being carried out on the feasibility of the project and Mr Murdoch is enthusiastic

The aim would be to put the

of this year. Mr Murdoch believes that News Corporation, which owns television stations as well as newspapers, has much of the

resources needed to launch a

negotiations on price, he was planning to put up to three tele-

networks.

programmes to dishes on indi-vidual homes as well as cable

channel, to Astra and use the satellite to transmit Eurosport, nel being created by News International and a consortium of Europe's broadcasting organsations, including the BBC.

"It is conceivable that the

Mr Murdoch said he was sceptical about the prospects for British Satellite Broadcasting, the UK direct broadcasting by satellite venture, even though he has a small indirect stake in

Mr Murdoch fears the \$625m BSB venture is too costly and that the difference between the size of receiving equipment needed to pick up Astra's 16 channels and that of BSB's high power satellite will not be great

The fact that Mr Murdoch is talking about putting three tele-vision channels on Astra is an important indication of his

Paul Betts and lan Davidson on a Pentagon decision that may enhance defence co-operation

US set to soften line on technology transfers

defence programmes. The fact that the Pentagon appears to be moving in sup-port of the TI-Thomson technol-ogy swap at the same time as CoCom is holding a high-level

15-nation CoCom organisation Thomson group and the state to strengthen the restrictions Snecma aero-engine maker.

But an agreement over radar Aircrast of the US on the one memorandum is expected to said this would be an issue technology serves a two-edged hand, and AEG of West Gerpurpose for the US and for many and GEC of Britain on the nologies to be transferred as

cant shift in Washington's traditional hostility to any transfer of sensitive US defence
technology, but it would also be
likely to open the way to
increasing collaboration
between US and European
defence industries on major
defence programmes

and policing of sensitive tech-nology sales to the Eastern part, have been seeking to dis-bloc. In exchange, Washington courage the Europeans from has shown willingness to going ahead with their indepen-rationalise the overall CoCom dent new generation fighter airlist of banned products to the craft projects. But in the light Soviet bloc and ease existing of the apparent failure of this restrictions on US technology policy of discouragement, the transfers to the West.

Americans have looked for

transfer negotiations, indicated was expected to approve the Hughes radar deal next month. a US delegation to Paris next week to negotiate final details of the memorandum of understanding between the two coun-

this week that the Pentagon designed to stifle political oppo-

operation programmes with Western allies for the next But the special task force was

also designed from the begin-ning to serve as a framework for the eventual transfer of other sensitive technologies to US allies. Mr Kloske indicated this week that the decision on the TI-Thomson transfer underthe aerospace sector.

particularly important because it will enable the French state controlled group to reduce sigsurface radar technology, Thomson will transfer its leadnology to the US company. This interests

will open up the air-to-air radar business for TI which has con-centrated until now mainly on air-to-surface radars. The French Government's

decision confirming its commit-ment to the Rafale programme has also been an important boost for Thomson, which like other major French defence groups has suffered from the slump in big defence export orders. The French Government also indicated this week it had no plans to acquire US-built F-18 fighters for the French r-18 lighters for the French navy to replace the existing Crusader fighters which will become obsolete in 1993, three years before the Rafale is due

years defore the karale is due to enter service.

The Rafale programme, which is expected to involve initial orders of 330 aircraft for the French air force and navy in 1996, has long been regarded as crucial for Thomson as indeed for Dassault Burs until services. for Dassault. But until recently, there had been some doubts about Thomson's ability to supply the appropriate radar for the Rafale. With the TI technology, however, the French group is expected to have access to the necessary components to lined America's great interest develop a suitably small and in co-operation with its allies in light radar system for the

Rafale. But a radar technology agree ment and the new opportunities it opens for transatlantic defence co-operation beg many questions. European industrialnificantly the size and weight questions. European industrialof components for the Rafaie
radar. In return for TI's air-toAmerican efforts to obstruct Europe's export capabilities Thomson will transfer its lead- and it will certainly not pacify ing edge air-to-air radar tech- US industrial and political

shops themselves will stay in The official Tass news agency reported that legal holders of

FINANCIAL TIMES

sentenced to six months' jail for unlawful assembly. The prosecutor demanded eight months at Wednesday's trial and Mr Schnuer, who had called for an acquittal, described the lower sentence as a sign "that one can still be hopeful". Rome finance bill suffers fresh setback

By David Lone In Milan MR Giovanni Goria's coalition government ran into further difficulties on Wednesday even-ing when it suffered another defeat in the Italian Chamber of Deputies, where the 1988 Finance Bill is being debated. A Communist amendment to

one of the bill's articles was carried by 286 to 217 in a secret vote. The amendment cancels a proposed increase in the rate of withheld tax on bank and post office deposits. The government had planned to raise the tax rate from 25 to 30 per cent and this increase had already been put into effect from 1 January with the publication of a decree law. The measure aimed to obtain L3,750bn (\$1.7bn) of additional

shoot down the measure.

revenue, though some experts consider that a more likely yield would have been about 1.2,000bn. Given the size of the majority against the measure, it is widely believed that memlaboration even with its part-ners in Nato. similar radar technology trans-fer agreement between Hughes son bers of Mr Goria's own Chris-tian Democrat Party were among those who used the cover of the secret vote to

IF THE PENTAGON goes ahead France. It would enable Thomwith its decision to approve the son and Ti to collaborate on the exchange of sophisticated radar development of a low-cost technology between Texas radar for the ambitious French technology between Texas radar for the ambitious French Instruments of the US and advanced combat aircraft pro-Thomson CSF of France, it will gramme, Rafale, which is due to mark a turning point in US policy on technology transfers.

It not only implies a significant shift in Washington's transew European combat aircraft

the project this week. But the French authorities have been increasingly anxious to secure international partners to collaborate on the Rafale to reduce the costs and spread the risks meeting at Versailles is more of the project led by Dassault-than a coincidence. Breguet, the French military Washington had been press- aircraft manufacturer, and ing its Western partners in the including the state-controlled

Washington's policy of ways of securing access to restricting exports of sensitive technologies to Soviet bloc and an American decision on the technologies to Soviet bloc and non-aligned countries had TI-Thomson technology swap become one of the principal would also be followed up soon obstacles to technological col- by Pentagon approval for a

The French Rafale fighter: due to come into service in 1996 jointly developed by Britain,

other, to collaborate on the well as the restrictions and conradar for the future European ditions of exports of the new Fighter Aircraft (EFA) being radars or aircraft equipped West Germany, Italy and Spain as a rival to the Rafale.

Mr Dennis Kloske, the US insist that the memorandum Deputy Undersecretary of include a ban on exports. In Defence for planning and such circumstances, it might resources, who has been spear-heading the radar technology Government. These conditions are clearly

Mr Kloske is now due to lead tries to complete the TI-Thomsider radar technology transson agreement. The fers At the time, Mr Kloske
memorandum is expected to said this would be an issue
spell out the details of the techwhich would dominate high

with the radar to third parties.

sition to the radar technology transfer in Washington. In the view of the highly sensitive political and defence nature of the issue, the US Defence Department set up a special task force last August to con-

For Thomson, the decision is

The line of succession is clear but the choices in foreign policy are not, writes Andrew Marshall

S African television 'witness' murdered

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THE MYSTERIOUS murder of an 18-year-old black youth in Soweto has given a new and violent twist to the row between the South African Government and CBS, the American

ernment and CBS, the American television station.
CBS is currently awaiting a decision on its future in the country after government protests against the controversial programme called "Children of Apartheid" which was made clandestinely list year.
The murdered youth, Sicelo Godfrey Dhlomo, who was shot in the head half a mile from his home, appeared on the pro-

home, appeared on the pro-gramme which also featured President P.W. Botha's daugh-ter Roxanne. He claimed that he had been tortured by police in detention and feared for his life

Last week, the youth, who worked for the Detainees' Parworked for the Detainees' Parents Support Committee was picked up by police and interrogated at John Vorster Square police station. After his murder the police issued a statement saying that after interrogation he had made a sworn affidavit which accused CBS of having instructed him what to say on camera.

"He was interviewed by a certain news agency director who instructed him to tell, into cam-era, how and when he had been detained and to say that he was manhandled, and beaten. He said he then started to talk and told what had been dictated to

him," the police statement said. The accusation was repeated The accusation was repeated at a by-election meeting on Wednesday night by Mr. Adrian Vlok, the Minister of Law and Order, who added that "we were busy with the investigation and hadly wanted the boy to tell the world how he was misused to ground like about misused to spread lies about South Africa.

The charges brought a swift rebuttal from New York yesterday as CBS "categorically denied the coaching of interviewees" adding that it was "deeply saddened" by Mr Sicelo's death and was anxiously against further information. awaiting further information.

Review offers to publish with no advertising

By David Dodwell in Hong Kong

THE Far Eastern Economic Review, the Hong Kong-based weekly magazine, has offered to publish in Singapore a special edition carrying no advertising in a bid to resolve a dispute with the Government of Prime Minister Lee Kuan Yew which has led to circulation being limited to 500 copies a week from a normal level of more than 10,000.

The offer comes just a day after a decision to abandon norafter a decision to abandon normal publication of the magazine in Singapore. Until the beginning of 1988, about two thirds of the magazine's weekly print run of 74,000 was printed in Singapore. Printing will revert to Hong Kong.

The Review is the fourth international publication to have its circulation limited following disputes with the Government. Three of the four publications in dispute – the

lications in dispute - the Review, Time magazine and the Asian Wall Street Journal - use the same Singapore printer, Times Printers, and there must be questions over financial damage to the group if others were to follow the Review's

lead.
Late last year, the Asian Wall
Street Journal refused an invitation from Mr Lee, while in the midst of its own dispute with the Government, to sell special editions of the newspaper in Singapore that carried no

advertising.

The offer was justified by the Government on the grounds that its aim in restricting circu-lation was to punish the publication by reducing revenues.

The Review aims to print about 10,000 copies of the mag-

azine in Singapore.

The Review's dispute in Singapore originates from an article published about the arrest of alleged Marxists who had been accused of plotting to overthrow the Singapore Gov-ernment. Mr Lee claimed the article contained accusations which were false, damaging and defamatory.

NORTH KOREA, the recusive half of the so-called "hermit kingdom," has retreated further into its shell this week with the announcement of diplomatic sanctions from Japan, the US

sanctions from Japan, the US and the EC.

Ironically, it had seemed last year that the glacial relationship between North Korea and the rest of the world might be thawing. Then, in November, a South Korean airliner disappeared with 115 people on board. The South Koreans alleged that it was blown up by North Korean terrorists, one of whom, Kim Hyn Hee, was captured and interrogated, and they appealed to the world to condemn North Korea.

North Korea is a mayerick

condemn North Korea.

North Korea is a maverick state in the international system. Ruled by one man, Kim Il Sung, since 1948, it is diplomatically isolated, its political processes are closed to foreign scratiny and it is aggressive and unpredictable in its conduct. It has been accused of numerous acts of international duct. It has been accused of numerous acts of international terrorism, over the past 30 years, is alleged to have supplied fram with weapons and last year was placed in default on its international debts.

Punishing the country, in any substantive sense, is virtually impossible, precisely because of its isolatiom.

The US response to the bomb-ing of the airliner has been to put the nation on its list of countries which sponsor terrorism - a kind of stocks set up on the international village green



Kim Jong Il: 'Dear Leader'

to pillory America's enemies. This means that trade, diplo-matic intercourse and financial transactions between the US and North Korea will now

As the State Department readily admits, this will have little practical impact. The main casualty is likely to be a UN Development Fund office in

Pyongyang,
Japan, which has more contact with the North than the
US, has pitched in with sanctions of its own. These include restrictions on shipping and visiting North Korean sailors.

North Korea has hit back with counter-sanctions, banning contact with US diplomats, barring Americans from entering the country and refusing to negotiate with Washington for the return of the remains of US soldiers killed during the Korean War.

The rupture of US diplomatic contact, and North Korea's second is economic dynamism.

The rupture of US diplomatic contact, and North Korea's moves, mark a turning point of sorts. Egged on by the Chinese, who are keen to ease relations on the peninsula, Washington had decided only last year to allow US diplomats the dubious pleasure of exchanging views with their North Korean opposite numbers at third-country cocktail parties.

cocktail parties.

Though this was a tiny shift, it was Washington's way of recognising North Korea's growing openness. For some time, visitors have commented on the change of atmosphere in Pyongyang, though it could hardly be said to be Korean The Government has shown a

surprising willingness to be flexible on key issues involving reunification and dialogue with the US and South Korea over military matters. As a first step, and a symbol of goodwill, stricter control of contacts it was hoped to find some com-between Japan and North promise on sharing some of the Korea, a ban on all flights events in this year's Olympic between the two countries and Games, which are being held in

North Korea has good reason Trade between the two count to seek a way out of its isolatries will continue, but it only tion. Since the end of the

Soviet Union and China, its tra-ditional allies, against each other. But this position has become increasingly untenable. Ignoring the South, or pre-tending that it would fade away, is no longer realistic. Seoul's economic dynamism, and the political legitimacy it gained from last year's successful electoral transfer of power, are in sharp contrast with the are in sharp contrast with the North's stagnation and its planned hereditary succession. The military superiority which has underpinned Pyongyang's position for 30 years is almost

Relations with the Soviet Union and China have become more complex with changes of leadership and economic liber-alisation in Moscow and Peking, and a warming of bilateral rela-tions between the two. The North's position appears increasingly marginal, and China in particular has made no secret of its desire to see some limited rapprochement on the peninsula.

But the slow thaw in Pyon-

gyang has been complicated by what appear to be serious internal disagreements. Kim Il Sung, the Great Leader is now 75, known to be ill, and is unlikely to live much longer. After his death, he will be succeeded by his son, Kim Jong II, who is known as the Dear Leader.

Though the succession is

the new leader is not. The prag-matists in the bureaucracy would like the state to ease its hold over the economy, relax relations with the US and to move towards some arrange-ment with the South.

ment with the South.

The hardliners, apparently including The Dear Leader, resist this, preferring a state of permanent conflict and isolation to buttress party control. In these circumstances, the best interpretation that can be made is that the destruction of the airliner was a successful attempt by the security apparatus to derail any easing of the country's relations with the South and the US.

There is past precedent for this Indeed, to many American diplomats, there is a rather tiresome sense of deja vu. The last time that a thaw in relations seemed to be on the cards in 1983, it was abruptly halted by a bomb in Rangoon, alleg-edly planted by the North Koreans, which killed three members of the South Korean The events of the past two and the Soviet Union are still set on going to the Olympics, an months must also be of particular frustration to the Chinese, visible embarrassment to the

who were the main sponsor of North. Both of its major allies improved relations between will be present at what will be, Washington and Pyongyang. in effect, a shop window for Relations between China and South Korea's economic and North Korea are already complicated by Pyongyang's renewed friendship with the Soviet Union. This incident will further test Chinese patience.

Pyongyang has now returned South Koreas economic and political success. Torn between the desire to make some display of their anger and fear of reprisals from Moscow or Peking, the North Koreans will be left to sulk in their tents.

aim at North Korea is left sulking in its solitary tent rival radio North Koreans held a mass By Andrew Whitiey in Jen rally yesterday to protest against what the Govern-ment calls US and South A CLANDESTINE radio station

A CLANDESTINE radio station widely listened to in the occupied territories has been denounced by the Palestine Liberation Organisation for creating divisions among Palestinians by broadcasting the names of people said to be collaborating with Israel.

The denunciation, broadcast from Baghdad by the PLO's official radio earlier this week, coincides with fresh evidence that the new radio — calling ment calls US and South Korean military provoca-tion, Reuter writes from Tokyo.

The official North Korean The official North Korean Central News Agency quoted Choe Tae-Bok, secre-tary of the ruling Workers (Communist) Party, as con-demaing "Team Spirit 88", a joint South Korean-US military exercise, as an open declaration of North-South confrontation. About 200,000 American and South

Korean troops will take part in the IO-week annual manoeuvres, billed as the largest military exercise in the non-Communist world, a

spokesman for the com bined forces command in

to the old rhetoric of confronta-tion and veiled threat. It is notable that both China

Seoul said yesterday.

coincides with fresh evidence that the new radio — calling itself Radio El Quds — is being backed by Syria.

Radio El Quds earlier this week broadcast a message of support for the intifadah, the uprising, from Mr Ahmad Jibril, leader of the Syrian-backed Popular Front for the Liberation of Palestine-General Command, the PFLP-GC. Israeli intelligence has concluded recently that its broadcasts are coming either from the Syrian-controlled Bekaa region of Lebanon, or else from Damascus itself — making it harder to be put out of action.

PLO takes

put out of action.
For the PLO's Voice of the Palestinian Revolution, in Baghdad, its message to its listeners was "to guard against such sus-pect radios" said to be seeking to don Palestinian cloth. By naming "enemy agents" within Palestinian ranks, what the upstart station was doing was to damage the continuous cor mon front recently forged in

Sihanouk worries **Peking**

By Robert Thomson in Peking PRINCE Norodom Sihanouk,

the Kampuchean resistance coalition leader, was greeted here yesterday by a Chinese Government seriously concerned at the peace talks he is conducting with officials of the Viet-namese-backed regime in

namese-backed regime in Kampuchea.
On his arrival, the unpredictable Prince said the talks with Hun Sen, the regime's Premier, have a "50 per cent chance" of success, though he denied reports that he was willing to dump his senior coalition partners, the Kimer Rouse. partners, the Khmer Rouge.
Peking has particularly close relations with the Khmer Rouge, which it assisted during the murder-ous rule of Pol Pot, and officials here are known to be worried by the prospect of the Prince reaching an agreement that would lessen the Khmer Rouge

role in the coalition. The Chinese are consible until Hanoi withdraws its troops from Kampuches. The Prince said the Vict-namese have no choice but to negotiate a solution, though he characterised them as "tricky". The Chinese need the

rine there here the gives international credibility to the coalition, which they support with arms and money. That credibility is already clouded by the membership of the Khmer Rouge and the continuing influence of Pol Pot.

Prince Sihanouk has long been uneasy about the pres-ence of the Khmer Rouge, the most powerful of the coalition's three military forces, and has occasionally described its leaders as

"psychopaths".

He is expected to meet
Zhao Ziyang, the Communist Party chief, on Monday,
and then is likely to visit
the North Korean capital, Pyongyang, where the third round of talks with Hun Sen is expected to be held.

Japanese output up

Japan's industrial produc-tion index for December showed a 8.6 per cent rise compared to the same compared to the same month the previous year, Carla Rapoport reports from Tokyo. The index climbed to 133.5 against 100 in 1980. According to the Government, the growth came from increased output of electric machiners, wetal products. machinery, metal products and transport machinery.

Lange delays tax reform

NEW ZEALAND'S Labour Government has had to defer the introduction of its radical tax reform package because of critical control of the contro reform package because of critficism that its proposed singlerate tax and changes to family
support would leave some
lower paid workers worse off.
Prime Minister David Lange,
sald yesterday the Government
now accepted the October I
introduction date would not introduction date would not allow sufficient time to remove all the anomalies or perfect the details for the proposed minimum family income package which would coincide with the

tax cuts.

The new date for introducing the tax reforms is now likely to be April or May next year. At present New Zealand has a three-step tax structure. The

and welfare organisations have cited examples showing how some lower income families could, in fact, have a lower net income under the proposed

The tax reform package announced just before Christ-mas was hailed by Mr Roger Douglas, the Finance Minister, as being a "world first".

Government opponents were claiming last night the fact that Mr Lange made yesterday's announcement at a time when armouncement at a time when Mr Douglas is overseas indicates opposition to Mr Douglas free market economic theories within the cabinet and party.

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Bush faces renewed attack over arms deal

By Stewart Fleming, US Editor, in Washington

SEVERAL OF the leading can-adidates for the Democratic Party's Presidential nomination turned their fire away from each other yesterday and in the direction of Vice-President George Bush, the front-running Republican.

They charged that Mr Bush had still not answered key questions about his role in the Iran/Contra arms scandal. They were joined by Mr Lee Hamilton, a Democratic Representative and the chairman of sentative and the chairman of the House committee which investigated the Iran/contra scandal, who said the position of the Vice-President remains unclear with respect to the sale of arms to Iran and until it is

clear I think it will continue to be an issue." in an angry confrontation or US television on Monday night Mr Bush sought to put the issue of his involvment in the Iran contra affair behind him and to demonstrate that he is a tougher politican than many Americans believe by rounding on Mr Dan Rather, the CBS tele vision anchorman, and accusing him and the TV network of dis-

torting his record. The encounter is widely seen to have helped improve Mr Bush's image among Republican

But yesterday Senator Albert Gore, Senator Paul Simon and former Senator Gary Hart, all took aim at Mr Bush and suggested that the Vice-Presi-dent is not going to find it easy to stem the continuing flow of questions about the decisions he took on the Iran/Contra

US criticises Brazil on arms

THE US yesterday criticised theBrazilian Foreign Minister, Mr Roberto Abreu Sodre, for suggesting there was no harm in Brazil selling billions of dollars of weapons to Libyan leader Muammer Gadaffi, Reuter reports from Washington.

The State Department said it found regrettable remarks on Tuesday that the sales could go ahead because they involved arms that were purely defensive in nature.

Contras propose power-sharing in Nicaragua

yesterday proposed a power-sharing arrangement between opposition parties and the San-dinista government.

As talks began with Sandinista representatives in Costa Rica they put forward a plan for an interim government of national reconciliation which would initially exclude Contra military and civil leaders. The Sandinistas have insisted

that the talks, on the Central American peace plan, should be limited at first to a ceasefire. The Contras, backed by the Reagan Administration, argue that this cannot be separated

The talks come one week before the US Congress votes on President Reagan's sharply scaled-down request for \$36m of mainly non-lethal aid for the Contras. The vote is expected to be close because many Demo crats believe more Contra aid could torpedo the regional

The Contra proposal calls for any military aid approved by Congress to be placed in escrow for 30 days. The Reagan plan in a bid to win Congress support,

THE Nicaraguan Contra rebels says that the military aid portion - \$3.6m - should be placed in escrow until March 31, one

month longer.

Congress votes on the proposal on February 3 and 4. The White House has acknowledged it will be a "very difficult fight", with some 30 floating votes in the House determining the outcome. The package needs approval by both cham-

House Democrats vesterday suggested that if the Reagan package is defeated, they could put forward an alternative comprised exclusively of humanitarian aid such as food and clothing.

The package appears aimed at wavering Democrats who would like to vote against President Reagan, but who do not want to be accused of abandoning the Contras.

President Reagan - also aim

ing at floating votes in the House – pledged this week to consult the governments of Costa Rica, El Salvador, Honduras and Guatemala on Nicaraguan compliance with the ceasefire before releasing the

Brazil acts to curb civil service salaries bill

measures to reduce the salary bill of its federal civil service and state companies.

ation are a ban on recruitment and restricting pay rises to the armed forces. inflation rate.

Earlier this week Mr Mailson

da Nobrega, the Finance Minister, met colleagues from five spending ministries to hammer out the wages policy.
Officials have been alarmed

at statistics that showed salaries in public sector companies rose by 20 percentage points more than inflation last year. State corporations were responsible for the lion's share of the public sector deficit that ended 1987 at 5.4 per cent of gross domestic product, up from the 3.5 per cent originally forecast. Previous efforts to control the government's wage bill already op have only been partially suc-cessful. Mr Luis Carlos Bresser state sector.

BRAZIL is to announce radical Pereira, Mr Nobrega's predeces sor, implicitly blamed President Jose Sarney for undermining his fight against inflation by Among steps under consider-ation are a ban on recruitment Banco do Brasil staff and the The problem for any Brazilian

finance minister is that the ulti-mate arbiter on public sector pay remains the President. As last year, however, Mr Sarney has again promised firm backing to the new pay and recruit ment restraints.

In a symbolic gesture, the president is understood to have ordered that up to 200 jobs in his Planalto Palace executive offices must be axed.

However, resistance to con trols is likely to persist. Mr Almir Pazzianotto, the Labour Minister, is reported to be already opposing plans to impose pay restraints on the

Colombian public back drug gang crackdown

COLOMBIA'S liberal govern-ment of President Virgilio Barco has won strong support for its draconian measures to combat terrorism and break the stranglehold of the drug mafia.
The new laws were triggered
by the assassination of Mr Carlos Mauro Hoyos, the Attorney General, on Monday. Drug barons admitted responsibility for the killing. The drug gangs are fighting the extradition of Colombians on narcotics charges to

The murder - near Medellin home of the drug cartel which controls more than 70 per cent of cocaine supplied to the US has caused a huge outpouring
of national grief. In this atmosphere the measures have won support more to relieve a sense of outrage than through a genu-ine belief in their effectiveness.

punishments for acts of terror-ism, payments for individuals who provide information and the commuting of sentences in return for information. In addition, sweeping powers

have been given to the security forces to detain people incom-municado. The judiciary is to be increased by almost 5,000 officials, national service is to be extended to two years and controls tightened on private air-craft, especially helicopters.

Canadian court strikes down abortion law

CANADA'S Supreme Court ruled yesterday that the country's restrictive abortion law unconstitutionally interferes with a woman's right to control her own body, AP reports In a 5-2 decision after 16 months of deliberation, the court said the current law, which permits only "therapeutic" abortions approved by hospital committees, violates the fundamental justice guaranteed in the constitution.

The court said the law violates the Charter of Rights and Freedoms enacted in 1982. Many areas, including the province of Prince Edward Island, have no hospitals ed for abortions. The ruling mirrors the 1973 US Supreme Court decision stri-king down the US law restrict-

Bankers are weighing up the swap terms. Alex Nicoli reports

Mexico's high stakes debt offer

THE Mexican scheme is an advance but is neither a pana- is highly uncertain and deman accustomed to making presenta-tions to sceptical bankers. His attempt this morning to per-suade British banks to partici-pate in the country's debt exchange offer will be no

exception. They will excuse him for being a little bleary-eyed. In the past week, he and Mr Gonzalo de las Heras, the Morgan Guar-anty Trust executive responsible for Latin America, have travelled from the US to Japan, on to several Continental cities and finally to London in their quest for bankers' support for the plan hatched jointly by Mexico and the US bank.

Since it was announced in December – it is due to come to December – it is due to come to fruition at an auction on February 19 – debtor and creditors have been behaving like a couple of rug-dealers: each trying to talk the price down or up, and each trying to give the impression that they are not too concerned about the out-

They are Success, though it would mark an important step forward in the handling of the five-year-old debt crisis, would also set a trend for bigger bank losses. It would be a domestic political triumph for Mexico's financial managers. Failure could seriously exacerbate confrontation between Latin Amerborrowers would say, would be rejecting constructive and cooperative solutions to the debt problem.

The auction will be a genuine cliff-hanger: nobody can yet tell Mexico is offering up to \$10bn of 20-year bonds on which repayments of principal but not interest are collateral-

ised by US government securi-ties which Mexico will hold. To get them, banks must tender existing pubic sector loans at below face value. The more old debt you tender per dollar of new bonds, the higher your chances of an accepted bid and the bigger your write off.
The new bonds, though of lower face value, are designed to be more attractive than the existing loans because they are partly collateralised and carry a doubled 1% per cent margin a doubled 1% per cent margin over money market rates. As "exit" bonds, they will excuse the holders from participation in future "forced" loans for Mexico. In theory, they would also be immune from reschedul-ing Mexico strasses that it has ing. Mexico stresses that it has

consistently serviced its Euro-bonds while rescheduling bank

ces nor a definitive solution to Mexico's foreign debt burden, says Mr Jesus Silva Herzog, the former Pinance

Minister, writes our Correspondent in Mexico City.

The bonds "constitute a positive step" but the savings to Mexico would not be as large as thought, and the problem of servicing Mexico's debt could worsen as interest rates will likely rise and prices for raw materials fall, he said.

tions about principles and say is a level at which some about the auction. And even if banks will bid and at which those are resolved, many have Mexico will probably accept serious doubts about whether it bids. Clearly, some banks will is worth their while to bid and bid at wider discounts to face whether other banks will bid in sufficient numbers and At 60 cents, Mexico would not be applied to the serious of the page annual foreign

over \$350m if the full \$10bn of new bonds were issued. Banks rest of its \$5.5bn bank loan of which \$1.2bn is still available (the total was scaled down from \$7.7bn)? from \$7.7bn)?
Some bankers are incens

that Mexico could use their money to finance a scheme which not only involves lending it to the US Government (buy-ing the Treasury bonds to be used as collateral) but also means new losses for banks

which participate.
They would like Mexico to undertake not to draw the money before they agree to give a waiver which is necessary for the auction to go ahead. Most bankers, however, do expect the waiver to be granted with-out trouble by banks holding the required 50 per cent of each existing loan.

• Why does Mexico discrimi nate between dollar loans and those in other currencies?

The bid form for the auction says a bank may not tender non-dollar loans unless it also tenders all its dollar loans, and that bids tendering non-dollar loans may not be more aggres-

sive than for dollar loans.

• Will the new bonds be eligiswap scheme when this is restarted?

More central is a question which will not be answered at today's meeting. What prices will Mexico accept? Bankers calculate that Mexico makes no savings at all unless the old less than 78 cents on the dollar. Mexico clearly expects bids which put a far lower value on the loans. Indeed, Mr Gurria himself has indicated that the secondary market price of 50 cents should be seen as a ceiling

arounts for Mexico to refire a make net annual foreign significant amount of debt. exchange cash flow savings of Among bankers' immediate over \$300m if the full \$10bn of concerns are:



Gurria: widely travelled

fall to a price less than 80 per cent of face waine. If the price were to fall lower, banks which wanted to exchange existing loans would be better off attempting to sell them for cash on the secondary market.

The bonds will fall to a discount because interest payments are Mexican risk even

though the principal is collater-alised, and interest accounts for the built of the income from the bonds. Analysts at Salomon Brothers argue that to be com-petitive with US corporate junk bonds, the Mexican bonds would need to trade at yields above 18 per cent, equivalent to a price of just 52 cents. The Salomon analysts say the

bonds would appeal only to a small subset of existing buyers rather than as a floor.

Despite this, bankers generally believe that the two sides could find a meeting point at around 60 cents. This, many

is likely to be thin, cash sales of loans remain the best exit strategy for banks

This is even without taking into account differing tax, accounting and regulatory positions which will influence each

bank's decision. A key factor will be the extent to which each bank is already provisioned. It is doubtful whether large numbers of the large numbers of bers of banks have 40 per cent

bers of banks have 40 per cent loan loss provisions against their Mexican exposure - the level at which a 60 cent price might make sense. So bids would mean additional provi-sions - or, if bids are successful, write offs. Some US regional banks have sharply increased their provisions recently, perhaps 23 2 prelude to bidding aggressively. But the case for bidding when

strongly provisioned is not overwhelming. Banks which have provisioned nevertheless continue to receive interest income on the full face value. Also very important is what regulators determine the risk of regulators determine the risk of the new bonds to be: a thorny problem because they are a hybrid between US risk on the principal and Mexican risk on the interest. The US authori-ties, which like the Japanese have denorally taken an accomhave generally taken an accomhave generally taken an accommodative approach to the offer, have determined that the principal is indeed US risk. The Bank of England has yet to make up its mind. Bankers point out that they could be faced with making new provisions for the new bonds accord-

ing to the Bank's provisioning The combination of losses (especially those which some banks simply cannot at present afford), new provisions and uncertain secondary market value could dissuade banks from making realistic bids even though they can see that it is very important that the offer

Some may make token bids to show willing. Others will make genuine offers as a once-for-all exit move. Most will hope that other banks will put in bids that will allow a significant reduction of Mexico's debt bur-den, thereby enhancing the value of their existing loans. Banks could even argue that not bidding at all is the best strategy: not only does it avoid waving a red rag at Mexico by making an unrealistic bid, but also it represents the ultimate ico and the long-term value of

WORLD TRADE NEWS

Dassault in fighter offer to Indonesia

By John Murray Brown in Jakarta

DASSAULT-BREGUET, the French aeronautics company, has offered a joint manufactur-ing licence to Indonesia to build its Super-Etendard, the light ground-attack fighter which is now out of production in

Mr Serge Dassault, the company president, said in Jakarta yesterday that he had discussed the proposal, under which indonesia would be able to sell the fighter to other countries in the region, with Presi-dent Suharto and Dr Jusuf Habibie, the Technology Minis-

ter.
The move by Dassault is part
of a concerted sales drive by the French defence industry in the French defence industry in Indonesia. General Dynamics of the US already has a joint venture agreement, selling its 12 F-16 fighters under offset terms in 1986, a deal worth \$337m. Dassault was then unsuccessful with its Mirage 2000, despite reportedly offering to cover the full costs under an offset and countertrade deal. an offset and countertrade deal British Aerospace with Rolls-Royce has also stepped in with its Hawk 200, the single-seater, multirole combat air-

In November, Rolls-Royce signed a co-operation agree-ment with IPTN, the Indonesian aircraft manufacturer, in a bid to improve its chances on the

Mr Jacques Boyon, French Secretary of State for Defence, is due in Jakarta next week, heading a large sales team. Paris has its sights set on the new light tank contract, where Atelier de Construction Roanne, a previous supplier to Indonesia, is likely to be competing with the new FMC Mark 5 tank built by Vickers of the UK.

Norwegians to boost chemical fleet

J.O.ODFJELL of Norway has signed an NKr450m (£45m) agreement with Sweden's Johnson Line aimed at upgrading its chemical tanker fleet. The deal would make Odfiell's fleet the third largest in the world, Karen Fossli reports from

The agreement also calls for Odfjell to lift its stake in Johnson Line's JO Tankers from 50 per cent to full ownership.

Peter Montagnon interviews a minister with firm views on the Uruguay Round of trade negotiations Gatt talks 'need' special tactics from Europe

"INTERNATIONAL TRADE politics is not a ladies' tea party," of progress in the Uruguay says Mr Michel Noir, France's Trade Minister. "It is a rugby international and you can easily come away with a broken "Mr Noir expressed doubts on this review on two fronts First

of multilateral trade negotia-

one of those politicians who can easily appear larger than life. specific aspects of the Uruguay Yet where the Uruguay Round is concerned, he has his feet imagine that it would be good firmly on the ground. A certain to have a result on one or two firmness will still be necessary subjects would increase the risk for the whole negotiation," he convincing declaration of progress in every domain touched by the talks, he said.

The European global

These are fighting words the timing was awkward from a politician who none the because it would come in the less argued in an interview this transition period following the week that the Uruguay Round

Us presidential elections. In Lausanne last month, he suggested to ministerial col-

one of those politicians who can reach concrete agreement on a success, we mustn't put our-leasily appear larger than life. specific aspects of the Uruguay selves in the worst tactical round negotiations. "Those who position."

Among the conditions for a satisfactory outcome were parallel progress towards improved international monetary stability and a clear determination on the part of both Japan and the fast growing East Asian developing countries of their willingness to open their markets.

Beyond that it would be dangerous to set too much store by

Global talks to reform world agriculture are unlikely to make major farm policy changes because of sharp differ-ences between the European Community, Japan and the US, according to a

US trade expert.
"The current round of Gatt negotiations is not

was moving ahead at a satisfactory pace with a good chance of reaching a conclusion at the end of next year.

Tall, good-looking, an accomplished oarsman, a keen cellist open."

Second, he warned against US and chess player, Mr Noir is one of those politicians who can easily appear larger than life.

Suggested to ministerial collegues that the review should be brought forward well ahead of the elections. This week he said the question of timing was "still open."

Second, he warned against US ambitions for the review to reach concrete agreement on specific aspects of the Universe.

The European global approach also applied to institutional reforms designed to strengthen the General Agreement on Tariffs and Trade (Gatt), which some trade officials regard as likely to be in the forefront of the review because they are less controver-sial than concrete commitments gerous to set too much store by specific progress at the time of this is very much in keeping itself.

progress toward liberalisa-tion of agricultural trade," said Mr Robert Paarlberg of the Wellesly College in Mas-

The Reagan Administra-tion's goal of reaching a global farm trade accord to reduce subsidies by the end of 1988 - known as the early harvest agreement was unrealistic, he added.

Mr Noir said he could see no instituting a system of country reviews designed to weed out inappropriate trade policy measures, but he was lukewarm about two proposals from Mr Clayton Yeutter, the US Trade He said Mr Yeutter's idea of

closer ministerial involvement in the Gatt to give it more political clout was all well and good, but ministers should not get in the way of actual negotiations at the official level. He was also sceptical about the notion that the Gatt could introduce some form of binding arbitration into its dispute settlement proce-

"The Gatt functions on the credibility of reciprocal com-mitments," he said. It would be almost to deny the existence of this, if you said you wanted it



Noir: against prejudice

to be a tribunal." In the background, Mr Noir said he had detected a distinct improvement in the US attitude towards trade policy since the stock market crash of last October. The virtue of this crisis is that it made the US understand that protectionist measures are not a solution." Monetary stability was also important.

Even the dispute between the

US and the EC over Airbus subsidies had taken a less potentially destructive course following the steep decline of the
dollar. "The climate has chip to ensure success in the
changed a bit and we are no Uruguay Round in Geneva.

longer in a situation of ultima-That still left the problem of Japan and the fast-growing developing countries of Asia. These latter countries "can't throw tens of billions of goods on to the markets of the US and

EC and refuse to respect the rules - on intellectual property, for instance, or on counterfeit."

Japan had announced measures to stimulate its economy and open its market, but Mr Noir professed himself still somewhat of a "doubting

Thoms." . doubting Thoms." On so-called "screwdriver plants", established by Japan to assemble products in Europe from cheaply imported compo-nents, he said "we can't accept such a variety of neo-colonial

ism.

As far as Europe was concerned, progress along the road to a unified internal market by 1992 was very important in the context of the Uruguay Round.

The idea was not an escalation of European isolationism and protection. It was carrot the offer of a large market to those international trading

said the action would allow foreign businessmen to invest in joint-venture advertising companies as minority shareholders.

The trading sector would

The trading sector would be fully opened to foreign investment, but wholly-connect foreign companies or joint ventures in which foreign investors have a controlling share would be ban-ned from import business.

There would be no restriction on joint-venture trading companies in which local partners have the controlling power, they said.

United interpretational Pic-

United International Pic-tures of the Netherlands, representing the US Para-mount and MGM studies, and Twentieth Century For of the US are to spend about \$100,000 (£55,500) setting up distribution offices in Seoul, the officials went on.

efation of America, which has long demanded that Seoul open its film distribution market, was just one of a chorus of voices in the US calling on South Korea to allow in more American goods and services.

The US has threatened sanctions if South Kores fails to reduce their trade imbalance by slashing duties on such US products as cigarettes, and importing more US beef and wine, and

The 1987 US trade deficit with South Korea reached \$10bu, up from \$7.6bu in

Tokyo peels the import onion

BY IAN RODGER IN TOKYO

THE PROCESS of opening the Japanese market to foreign competition has often been compared to that of peeling layers off an onion. The removal of a layer does not solve the problem, it merely reveals another layer.

The latest example of this

phenomenon emerged recently in a little noticed decision by the Bank of Japan to soften the terms of a short-term import financing scheme to make it easier for foreign companies to

The move was made in response to representations from the European Commission that foreign-owned import companies should have access to funds on rates competitive with guarantee. those available to Japanese importers.

has been providing loans through commercial banks at its official discount rate against the security of import bills. It is, in effect, a means of encouraging imports by providing cheap short-term financing, normally four months, and was introduced as part of one of the

country's many programmes to open its markets to imports.

However, the original qualification criteria were so tough that most Japanese subsidiaries of foreign companies could not continue to raise the allocation open its markets to imports.

Which EC-based banks have years about Y310bn

EC officials in Tokyo say the central bank has said it will continue to raise the allocation open its markets to imports.

However, the original qualification of the central bank have years about Y310bn

EC officials in Tokyo say the central bank has said it will continue to raise about Y310bn years of experience importing are not using their allocation to into Japan, a satisfactory two-year profit record and a low bad-debt ratio.

The Community delegation in Tokyo is also pushing the Japa-

agreed to overlook these crite-ria if the foreign parents of small European companies these companies are of good would prefer to use their own standing and agree to provide a banks' branches for financing uarantee. Into Japan, but the underdevel-Foreign bankers in Tokyo say oped state of Japan's financial

mporters.

the change is helpful, but they markets makes it impossible for Since 1983, the central bank also hope that the central bank those branches to raise funds will continue to increase the on competitive rates with Japaforeign banks' allocation of ness banks. The Japanese authorities because they are the ones most likely to be dealing with foreign made by the EC for removing

qualify to use it. For example, a as the need arises. At the company had to have three moment, however, EC banks

A Bank of Japan official nese Government to set up admitted yesterday that no for-eign company had ever used the cost financing for up to one cheme.

Now the Bank has basically eign banks.

The EC argument is that

Record exports for Swiss watch industry By John Wicks in Zurich

SWITZERLAND'S watch indus

slightly from 60.7m to 59.7m watches, an increase in elec-tronic models failing to offset a decline in mechanical watches. Sales of medium-priced watches and movements fell "noticeably," according to the Federation of the Swiss Watch

per cent.
The US remained the biggest single market for Swiss watches but the value of exports fell during 1987 to SFr827.8m. If currency rates had remained unchanged, the industry would have shown an increase of 17 per cent. Other main customers were dent Raul Alfonsin's Hong Kong, Italy, and West for a similar project.

try achieved record exports of SFr4.34bn (\$1.8bn) last year, despite the strength of the Swiss franc. Exports amounted to SFr4.27bn. In volume terms, exports fell

Industry, while cheap watches showed a volume increase of 3

Argentine plastics sector attracts foreign interest

its efforts to break with a past
where nationalist sentiment
and an unwieldy bureaucracy
the Argentine private sector.

A SUDDEN spate of overseas been set at 100,000 tonnes a investor interest in Argentina's year, leaving a substantial plastics sector is gathering pace excess for export. While Monster decades of official indifference and indecision.

Two bids in less than a week officer of Shell Argentina Market and the context of the c to build a polypropylene plant Jacques Schraven, estimated in Argentina have prompted after meeting Mr Alfonsin early hopes here that the Government is having some success in project would be about \$120m

and an unwieldy bureaucracy repeatedly blocked foreign Montedison chose Perez Company The latest focus of interest is which is now trying to diverpelene, a lightweight polymer plastic. Domestic demand is Argentine plastics production for the past 30 years.

Leven as the Italian conglomerate, Montedison, announced in Milan this week that it had signed a letter of intent for a polypropylene plant, Royal setting. Dutch-Shell's subsidiary in Chaservers here note that Argentina claimed it had President Raul Alfonsin's support month after Argentina and for a similar project.

ent Raul Artonsin's support asserted a wide-ranging eco-or a similar project. Italy signed a wide-ranging eco-in both cases, capacity has nomic co-operation agreement,

ban on services investment

Seoul eases

SOUTH KOREA, caught in mounting trade disputes with the US, has partially lifted its ban on foreign lifted its ban on foreign investment in services, Agencies reports from Seoul. Officials sald overseas participation in such industries as film-making, advertising and trading agencies would now be allowed. "The measure is mainly simed at avoiding US pressures but we expect further American demands for market-opening," one official said.

Finance Ministry officials

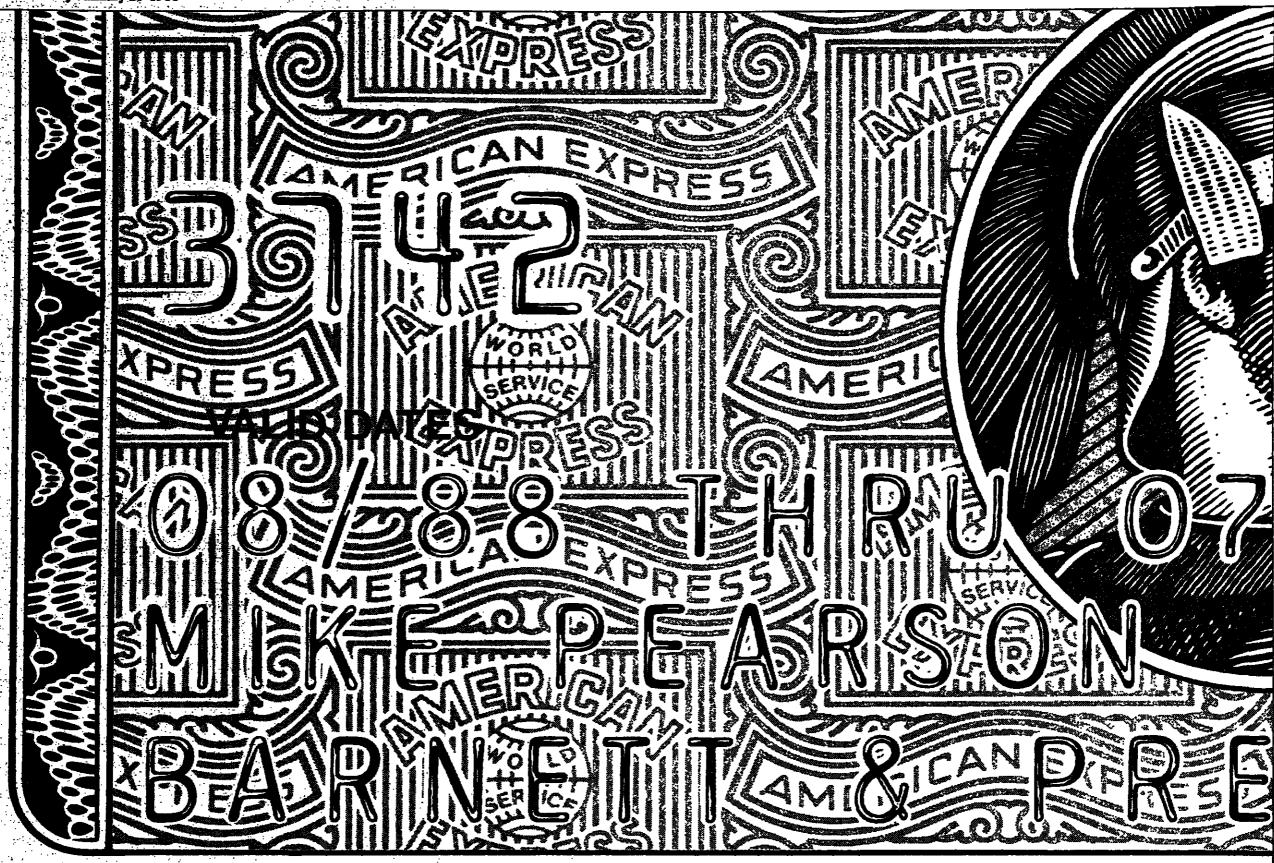
Foreign investment exceeding 50 per cent of equity holdings in joint venture advertising companies would still be banned, officials added.

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David Lascelles concludes the story of a banking disaster

The £1bn cost of an ill-starred excursion

elaborate precautions to prevent a panic when they announced the \$324m loss which Crocker suffered in 1984; Midland set up a \$375m rescue package, and Crocker's tills were heavily manned to ensure that its branches remained orderly. But the news was greeted calmly by retail customers, and there was no sign of unusually large withdrawals. But the task was not over. Mid-

land still had to deal with the professional depositors. The danger was that Crocker's troubles would force the US credit rating agencies to downgrade it to a level which would automatically oblige big institutions to withdraw their funds.

Michael Julien, Midland's finance director, and Frank Cahouet, Crocker's chairman, had calculated that as much as \$4bn might be at risk, so they went to New York and spent eight hours trying to persuade Keefe Bruyette & Woods, the leading bank rating agency, to leave its Crocker rating unchanged.

Julien was particularly worried

about Dreyfus, one of the US's largest fund managers, which had \$1bn on deposit with Crocker. Fortunately, Keele Bruyette preserved its Crocker rating, and Dreyfus remained loyal.

In the end, Midland did not have to use a penny of the \$2bn cash hoard which it had gathered for the

Carl Reichardt: Chairman

secret trips to London to

buy Crocker off Midland.

the bits he did not want.

Today, Crocker has completely disappeared inside Welts Fargo, Later, Reichardt also bought Barclays' California bank,

of Wells Fargo, "the

McDonalds" of the

Californian banking

idland and Crocker took of its position was underlined by its own results for 1984.

These showed a profit of £135m. including the effect of Crocker's £222m losses. But £134m of this was the profit which Midland had made by selling Crocker's San Francisco headquarters to raise some quick cash. In other words, Midland had come within \$2m of becoming the first UK clearing bank ever to

make a loss.
For Midland's hard-pressed management at its head office in Poul-try - Sir Donald Barron, the chairman, Geoffrey Taylor, the chief executive, and Julien — the sense of relief at the success of the rescue was enormous. Crocker had ruined two Christmases in a row, with little respite in between, but it

was finally under control. The tidying up operation got under way. Midland bought out the 43 per cent minority shareholders of Crocker, giving it 100 per cent ownership at last. It also embarked on a plan to wind Crocker down and reduce it to the status of a regional bank in the far west.

But this met stiff opposition from Cahouet and his colleagues in San Francisco who wanted to do the exact opposite: rebuild the bank to its former glory. They wanted to establish a merchant banking subsidiary and open branches all round the Pacific rim. Cahouet argued that he had hired a talented team to save Crocker with the promise that they

Dater Cooke: sesistant

director of the Bank of

England in charge of

to see Crocker for

travelled to San Francisco

himself. The bank was in

US bank regulators, but was powerless to do much at the London end

effort and guard against a

xcept encourage

Midland in its rescue

MIDLAND/CROCKER

THE FINAL CHAPTER

Sir Kit McMahor: new

executive of Midland

Bank who observed its

travails as Deputy Governor of the Bank of

England. Sir Kit applied

Ridiand group, and found it a new international partner in the Hongkong and Shanghal Bank, Paid tribute to his

predecessors' "courage

chalman and chief

would do great things. Remove those prospects, he said, and morale would collapse. Cahouet even objected to a pro-

posal by Midland to relieve Crocker of its Latin American loans because that would make it less of an international bank.

Poultry dithered, but in the end it stuck to its gans for the simple rea-son that Cahonet's plans were far too costly for Midland when it was already living off its fat. In fury, Crocker's directors went so far as to telephone the Comptroller's Office in Washington one day to complain about Midland in terms replete with

the imagery of 1776. Quite by coincidence Taylor, Brian Goldthorpe (Midland's head of risk management) and Thomas Jefferson Cunningham (Midland's representative on the Crocker board), happened to have an appointment of their own at the Office only hours after the call was made. They realised they might have an ally there when an official jokingly offered to introduce the Crocker directors to officers from Continental Illinois (who had been disbarred from banking after their bank's near col-

lapse the previous year). Taylor also paid a call on Paul Volcker, the Fed chairman.,
That spring, both Goldthorpe and Cunningham feared that Poultry would now slacken its efforts to get Crocker straight, while it was obvious to them that the bank was still desperately sick and in need of intensive care.

But with Cunningham barely on speaking terms with Cahouet because of the tussle over Crocker's future, and with Goldthorpe viewed as a gloom merchant in Poultry, neither made much headway. Goldthorpe did, however, manage to get a new work-out team sept to San Francisco to take over from the storm-troopers who had sorted out the loan book.

All through the summer of 1985 the arguing with Cahouet continued until finally he agreed to yield up Crocker's international business -but only on condition that he be put in charge of Midland's entire US operations.

in a highly technical transaction the banking equivalent of an organ transplant - Midland took billions. of dollars of bad loans out of-Crocker and put them in a new Midland subsidiary called Bracton (named, with deliberate irony, after an English jurist known for his integrity). It also transferred Crocker's Latin

American loans on to its own books. The transplant was completed just third quarter earnings on September 30, so it was spared the further write-offs which Goldthorpe and Cahouet's battle over Crocker for talks.

earned him the reputation of a tough customer, and made him many enemies in Midland. But Julien, who worked closely with him for two years says of the \$3.9m he eventually got in bonuses: "He

CROCKER

earned every penny."

Was Crocker finally clean? Midland hardly dared ask the question. But the men in Poultry knew that having accomplished a restructur-ing of that magnitude they must now decide whether to march ahead with Crocker - or do what had been at the back of their minds all along:

Some of them, particularly Julien, felt that Midland should keep it now that it was finally back in profit. But most of them knew that the nightmare would only end once Crocker was gone for ever, so Julien was persuaded that the financial and management cost of keeping it was too great. It would have been like driving a car that had been in a had crash.

No one had ever offered to buy Crocker. But several California banks had put out feelers to see if branches were for sale. One of them was Wells Fargo.

If Crocker once considered itself to be the Harrods of California banking, then Wells was the McDon-alds. Run with ruthless efficiency by Carl Reichardt, a former real estate man, Wells provided banking to the masses as if it was fast-food: quick, cheap and easy. In May 1985, just as Midland was

completing its buy-out of the Crocker minority, Sir Donald Bar-ron, Midland's chairman, was attending a banking conference in Hong Kong. During a coffee break he met Paul Hazen, Wells's president, and they talked in guarded tones about some kind of a deal.

fast in San Francisco with Hazen and Reichardt, and broached the write-offs which Goldthorpe and Cunningham knew would be neces-sary, particularly on Latin America.

possibility of a sale. The response was positive, so Taylor sent over Cunningham, a skilled negotiator,

if there were to be a deal, both If there were to be a deal, both Midland and Wells agreed it should be quick and quiet to avoid the damage to confidence when a bank is publicly put on the block. Midland might have got a better price by putting Crocker up for anction, but that might also have been the death of Crocker.

ther, raising states to 57%. There US bank recolutions of

The terms Cunningham offered were simple; all or nothing. The net asset value. Wells said OK.

Two secret meetings then took place between top Midland and Wells executives in London in December and January at the Shera-ton Hotel in Belgravia - chosen because it was out of the way, and managed by Taylor's son who could be relied on for discretion.

In the talks, Crocker was coden-amed "deer", Wells was "sparrow" and Midland "pronto". The Califor-nians flew in on the overnight plane, held their talks, and flew straight back again. After the outline of a deal was

struck, Julien and Conningham got to work on the details, and gradu-ally the circle of those in the know began to widen as lawyers and investment bankers were brought The announcement was set for

February 7. At 10pm the previous evening San Francisco time, Wells began to brief its staff, and in no time the news flashed around the world. It was then 6am in London where Julien was still negotiating the final tax details. But it was a fait accompli. After

six and a haif years of hell, Midland owned Crocker no more.

Wells had agreed to pay \$1.1bn, which was the value at which Mid-land carried Crocker on its books. But owing to differences in UK and US accounting practices, this was more than Crocker was worth in US terms. So Midland felt it had secured a good price. It was not true, though, as some

that it had got its money back. The sale price had certainly recouped the cash cost of acquiring and recapitalising Crocker (respectively \$820m and \$250m).

\$324m loss of writing down the loans transferred to Bracton (\$160m) or the further provisions which Midland Latin American loans (\$600m). And then there was the opportunity cost of its huge investment over those years, amounting to some \$700m, and the unquantifiable cost in man-

agement time and effort. In round figures, Midland's total loss from its ill-starred excursion to the New World must have approached £10s. Whereas it took the US authorities 14 months to approve the purchase of Crocker, they were so thunking to see the back of Midland after all the

trouble that they approved the sale in only a month. In his final word on the subject, Barron told Midiand shareholders that Crocker would never have achieved the necessary market share in California "even with Midland's full backing.

True to form, Wells wasted no time in knocking its purchase into shape. Reichardt immediately sacked 1,600 of Crocker's people; and all but two of its senior officers. One hundred and twenty branches were closed, and \$60m of unwanted losss sold off.

Crocker's name soon vanished from its branches to be replaced by Wells Fargo. Today, barely a trace of it remains. "Crocker has gone," says a Midland man. "But it would have gone by itself."

Crocker has even been grased

from Midland's chronicles. A new history of Midland published last get it all in pers

Midland, too, is barely recognisa-ble. Sir Donald Barron and Geoffrey Taylor have retired, to be succeeded

jointly by Sir Kit McMahon who had observed Midland's travalls from his vantage point as Deputy Gover-nor of the Bank of England. He paid tribute to their "courage and stead-

\$24m†

Michael Julien left in July 1986 to help start up Eurotunnel, and later moved on to Guinness. John Harris joined Great Universal Stores. Frank Cahouet is now putting another problem bank straight, Mel-lon in Pittsburgh. Tom Wilcox has retired to Long

Island. A vigorous 71-year-old, he still believes that the whole Crocker crisis would never have happened if he and Malcolm Wilcox had been five years younger, and done it their way. Mike Patriarca left the Comptrol-

ler's Office to join the Federal Home Loan Bank Board in San Francisco. Of the key players, only Brian Goldthorpe is still at Midland, where he rums the domestic banking division, and Jefferson Cunningham remains un adviser in New York.

Management experts will pore long and hard over Midland and Crecier, and conclude that Midland was panicked into making a purse which it was hopelessly ill-

equipped to handle.

Its greatest error was in handing \$500m to someone it could neither understand nor control. But after that, Crocker became like a Greek tragedy, working its way towards a fateful conclusion while the protag-ouists could only wring their hands year deliberately stops in the use also cathartic, and to that 1970s because memories of the was also cathartic, and to that Crecker training are still too wivid to extent Milland may have done oth-

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COMMERCIAL PAPER

The Financial Times proposes to publish a survey on Commercial Paper on

17 FEBRUARY 1988

Subjects covered will be:-

* US Commercial Paper

* Asset-Backed Commercial Paper

* The Eurcommercial Paper Market

* The Euronote Market * Medium-Term Notes

Clearing Systems

* Sterling Commercial Paper

* Other Domestic Commercial Paper Markets

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FINANCIAL TIMES

NOTICE OF REDEMPTION To the Halders of

United Mexican States

10% External Bonds due February 15, 1990

NOTICE IS HEREBY GIVEN that, pursuant to the Bond Service Agreement dated as of February 15, 1975 made between United Mexican States and Chemical Bank New York Trust Company, as Authenticating Agent, Maninacturers Hanover Trust Company, as Registrar, The Chase Manhattan Bank, N.A.; as Fiscal Agent, \$2,014,000 principal amount of the above described Bonds are hereby called for redemption on February 15, 1988 through the operation of the Sinking Fund at the principal amount thereof and accrued interest to the redemption date. The Bonds to be redeemed which have been drawn by lot by Manufacturers Hanover Trust Company, Registrar, are as follows: over Trust Company, Registrar, are as folk

Coupen Bonds bearing the distinctive number in the following last two distinctive 03 09 15 18 28 36 41 47 51 57 51 65 66 75 78 82 57 90 94 97

except Coupon Bonds in the denomination of \$1,900 whose serial as M43647 or higher.

Fully Registered Bonds or portions thereof bearing the following numbers with the Prefix Letters as indicated:

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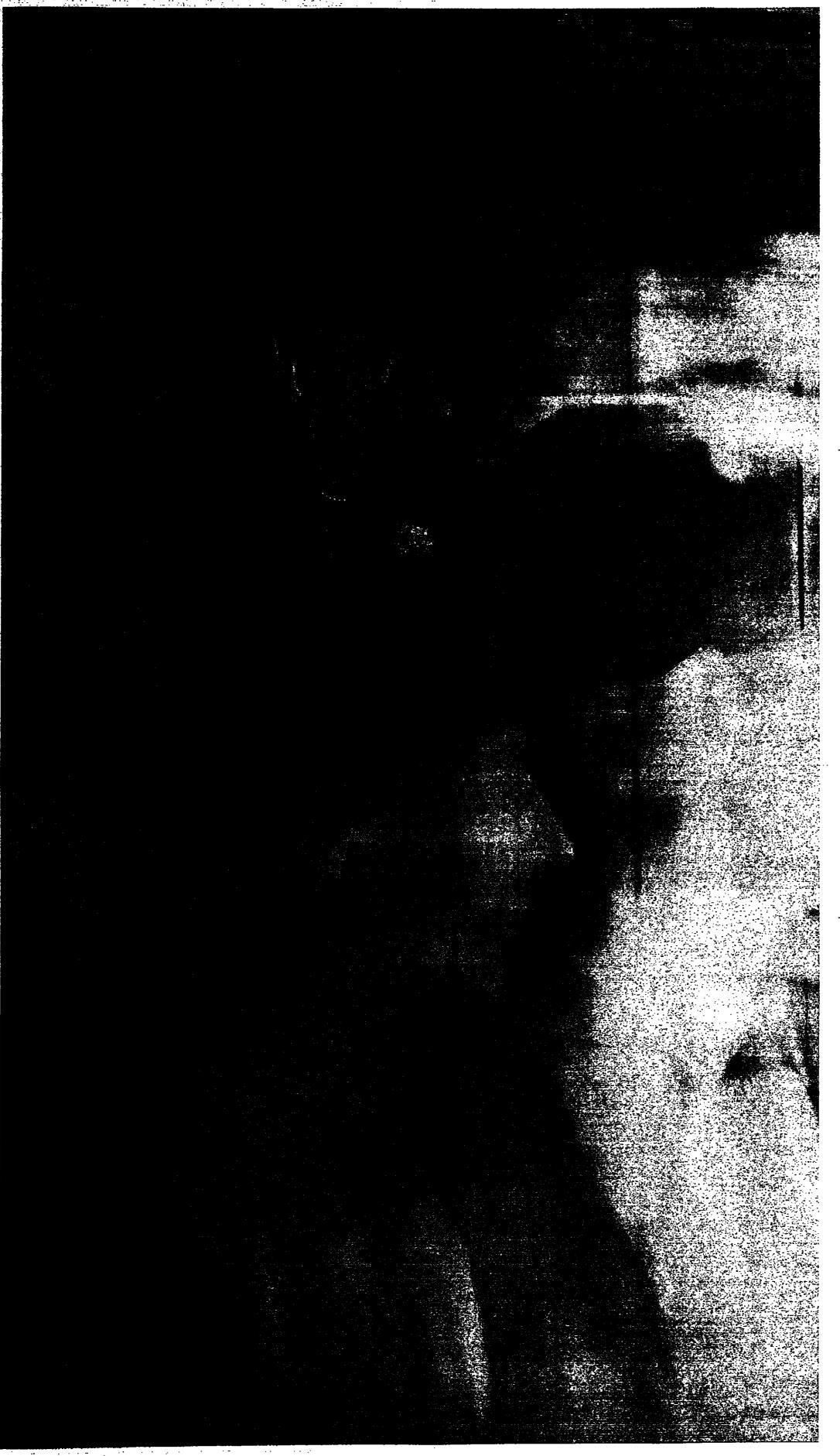
Interest on the Bonds or portions thereof to be so redeemed will cease to accrue on February

Interestor are roughed particular who are the control of the aforesaid Bonds or portions thereof to be so redeemed should be surrendered for payment at the offices of the Fiscal Agent, The Chase Manhattan Bank, N.A., Corporate Bond Redemptions, P.O. Box 2020, 14th Floor, One New York Plaza, New York, New York 10015, or at the principal offices of the Fiscal Agent in Loudon, England, Paris, France, Milan, Italy, Frankhirt, Germany, Zürich, Switzerland, and Beirut, Lebanon accompanied in the case of coupon bonds by the August 15, 1988 and subsequent coupons attached. The February 15, 1988 coupons should be detached and presented for payment in the usual manner. Upon surrender of a fully registered Bond a portion of which is to be redeemed a new Bond or Bonds in the aggregate principal amount of the unredeemed portion shall be issued in the name of the holder of such surrendered Bond.

Bondholders, both registered and coupon, when presenting Bonds to the New York Offices of the Pawing Agent, should formish the Pawing Agent with their tax identification.

Office of the Paying Agent, should furnish the Paying Agent with their tax identification numbers. This will avoid withhelding of funds required by logislation.

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Right formula – wrong answer

Clive Cookson explains why oil companies still see a future for petrol additives

devoted to developing additives for petrol, despite the much publicised demise of Formula Shell, according to technical experts in the oil and motor industries.

Shell announced this week that it was no longer putting its Formula Shell "additive pack" into leaded petrol, because it could damage carengines in certain rare circumstances. But Peter Barlow, a technical manager with Shell UK, emphasises: "We see additive technology as being very important for our future and we remain committed to Formula Shell for unleaded petrol, the 'fuel of the future'."

"We're not going to take the opportunity to knock Shell," says an executive with a competing company. The industry generally will be feeling for them." The major oil companies are spending tens of millions of dollars a year on research to develop additives that distinguish one brand from another, and they will not let the withdrawal of For-

mula Shell discourage them.

The growing emphasis on additives does not just reflect the wish of marketing depart-ments to establish brand loyalty and counteract the wide spread belief that all petrol companies really sell an identical smelly liquid. There is also a good technical justifica-

As car engines become more complicated - partly because they have to meet increasingly stringent pollution connerable to deposits of dirt

unstable hydrocarbons; these are liable to lay down carbonised deposits inside the car-burettor and inlet valves.) So engines rely increasingly on detergent-like additives in the petrol to remove dirt as it to them a mystery. Barlow

builds up.
Formula Shell - the outcome of a £40m research, development and promotional campaign – was launched in May 1986 with two new additives. One was an improved detergent to keep the engine clean. The other more novel ingredient was a potassium compound called a spark aider, which gave the engine a more constant ignition and therefore made the car drive more smoothly, particularly in the cold. The spark aider worked by altering the sur-face of the spark plug elec-trodes and reducing the resis-tance to the passage of the tance to the passage of the

Shell showed up first in Scotland when Vauxhall cars run by Fife police began to suffer

from sticking engine valves.
Vauxhall Motors alerted its dealers and fleet owners and discovered that about 400 Cavaliers and Astras had been affected. Vauxhall spokesman Ken Moyes says their valves "became coated with a kind of varnish." This led to burning around the valve seats. Shell and Vanx-hall agreed to share the costs of repairing the damaged

engines.
Peter Barlow of Shell says that build up around their Formula Shell has caused no experts say Shell will have to used in Formula Shell. moving parts. (A modern more problems in Britain add some form of cleaning

THE OIL companies will go on engine recycles partially since last year when its com-increasing the research effort burned gases, which contain position was changed slightly. But it has damaged valves in Volvo and Volkswagen engines in Scandinavia. On the first report of trou-

says they managed to repro-duce the damage in a test car by "having lots of cars doing a police driving cycle up and down motorways." The scien-tists do not yet understand the exact cause of the prob-lem, although they know that it results from "antagonism" between the spark aider and the anti-knock chemicals in leaded petrol.

Shell has withdrawn leaded

Shell has withdrawn leaded Formula Shell partly because it could again cause valve problems in "certain rare cir-cumstances." But the decision was made mainly to protect the company's image in the face of an impending public relations disaster.

spark.

It was an excellent concept but sadly for Shell the formula was not quite right. The damage caused by Formula scientists "who set out to ptoneer an approach I'm sure we'll see more of." RAC experts acted as independent observers of Formula Shell's road trials, which involved driving 400 different cars over 4m miles. These showed a "statistically significant" improvement in the cars'

overall performance, he says. Shell is naturally reticent about its next step. "We've had to react pretty quickly to ously taking us a bit of time to get organised," Peter Bar-low says. However, industry



the research results about agent to its leaded petrol if it ing to promote the virtues of valve problems and it's obvious is to keep pace with its com- "New Esso" petrol, launched ously taking us a bit of time petitors, and it seems likely in the UK last May, on the that the company will persevere with the cleaning agent

building up in the engine.
Robert Watson, Esso's spokesman, says the leading oil companies are bound to devote more resources to improving the quality of their product, since "the demands of the consumer are increas-ing the whole time." And improving petrol means developing better additives.

basis that it incorporates new

additives which stop dirt

John Wood of the RAC agrees. But he says faster progress would be made if the and motor industries worked more closely together. "In the future we need a wider 'systems' approach where the engine and fuel are designed together, instead of matching them up after-

Edited by Geoffrey Charlish

Chip makers face miniature biockade

RESEARCH WORKERS at Cologne University have some bad news for "chip" developers. They have shown that as a piece of metal is reduced in size, its electrical conductivity reduces until the point is reached at which its con-

duction stops.

Normally the effect is of little consequence, even in the latest chips, because the pieces of metal involved are not small enough. But the Cologne team has shown that if a dot of metal has a diameter of less than 0.0001mm, it becomes an insulator. The effect has been

named SIMIT, standing for "size-induced metal-insula-tor transition" and is soon likely to make itself felt as the semiconductor industry seeks to reduce still further the density of the compo-nents on chip surfaces.

Measuring the resistance of a dot visible only under a microscope is tricky, Any attempt to make connections to it will completely mask the results. The Cologne team succeeded by suspending millions of the dots in oil and measuring the extent to which this "micro-emplsion" was able to absorb microwave radiation. The results enabled it to make accurate deductions about the dots' resis-

Gunter Nimtz, joint devel-oper of the method with Peter Marquardt, says that for the chip companies the limit to microministurisation is probably between 0.5 and 0.1 of a micron (millionth of a metre).

Brewing operations kept on the move

BREWERIES, which need to assess the efficiency of their beer keg sterilisation processes, often use a test keg containing conventional pressure/temperature gauges. Production stops while the readings are taken at points on a test run, and the method is labour-intensive and diffi-

One answer, from Aughton Process Automation of

Warrington in the UK, is to use a microprocessor-based data acquisition and storage unit which is mounted inside the keg. A detector on the keg senses arrival at each process station and tells the microprocessor.

Similarly, sensors and a semiconductor memory measure and store the tempersture, pressure and time intervals between readings. After the run, the unit is connected to a computer using Anghton software and the information displayed.

40 messages to fit the pocket

AIR CALL Communications of London is offering a or London is offering a pocket-sized paging unit able to receive, hold and display messages of up to 1,200 characters. As many as 40 separate transmis-sions can be held and the unit's memory works on a first-in, first-out basis to sages.

Messages can be located by scanning their headlines and any can be deleted at will. The display shows two lines of 16 characters each, and can be scrolled to reveal the remainder of a

The unit will work in most parts of the UK on Air Call's paging transmitter network.

Sony sharpens business displays

COMPREHENSIVE PRESEN-TATIONS can be made to business and technology sudiences using a new £8,000 display projector from Sony of Japan. The machine can accept

signals from a variety of computers and give accurate and bright colour images on screen sizes from 72 inches to 250 inches. It can switch between computer graphics and ordinary TV images from any video source, or can overlay the computer graphics on the TV without adjustment by

Bright, sharp images result from a new lens design with combined glass and plastic construction.

Mutti-lingual spin of the silver disc

SILVER Platter of London is offering access to its CD-BOM databases in English, BOM databases in English, French, German, Italian or Spanish. Users can choose the language that suits them and then their instructions, the system's replies, all "help" information and the contents list of the database will employ that languages.

guage.
Silver Platter offers data-bases on CD-ROM (compact disc read-only memory) covering agriculture, computer products, medicine and other fields.

Multi-language access has been achieved by storing all heen achieved by storing and the information on the optical disk in a single compressed form and using specially constructed electronic dictionaries to translate the data for display. These techniques have allowed no less than 1 bn characters of information to be stored on information to be stored on a single 5-inch CD-ROM.

Swedes sense out precious metals

IF THERE is still some gold "in them that hills" then a device from Swedish company, Terraprobe Interna-tional of Uppsala, might

well be able to find it. Terraprobe is a hand-op-erated device with a sensor probe on a long rod which is pushed into the ground by the prospector. The com-pany claims that any gold particle encountered by the probe will generate an audible signal and light a lamp on the control panel.

The sensor in the tip, says Terraprobe, measures the electrical potential and con-ductivity of every metallic grain that it comes across. Particles down to a size of 0.005mm "cannot fail to be detected". In addition to gold, the Terraprobe can indicate the presence of platinum, magnetite, pyrites and certain copper-bearing

CONTACTS: Cologne University: the German Research Service on Bosm 302210.
Aughton Process Automatica: UK, 0925-830120. Samy: UK orfice, 0784 67000. Alr.
Call, London, 324 9060. Silver Platter:
London, 955 8942 and in the US on (617)
239 0306. Terraprobe International: Sweden, 1825 7750.

Hidden chemical mix within the modern litre

MODERN petrol contains a number of Other octane improvers include "oxychemicals which are added to the basic hydrocarbon fuel at concentrations ranging from a few parts per million to several parts per thousand:

Detergents to remove dirt from the carburettor and inlet system.
 These are the ingredients most fre-

These are the ingredients most frequently promoted as "additives" in advertising campaigns.

• Anti-knocking compounds to promote even burning of the petrol/air mixture and prevent "pinking" or "knocking" which can damage the engine. Tetra-methyl lead and tetraengine. Tetra-methyl lead and tetra-ethyl lead are used in leaded petrol.

genates" such as methyl tertiary butyl ether (MTBE).

• Scavengers such as dibromo eth-ane to remove the combustion prod-

ucts of the anti-knock compounds from the cylinders.

• Anti-icing agents to prevent the

carburettor icing up. Anti-oxidants to stop the fuel deteriorating during storage.

• Corrosion inhibitors to stop the

fuel system rusting. • Dyes to identify different grades of petrol. Not only do different brands of pet-

rol contain slightly different mixtures of hydrocarbons and additives but any one brand will vary from time to time. All the companies blend components from their own and their competitors' oil refineries, and the mixture changes according to the sup-ply of crude oil and the maintenance dule of the refineries - a point that is not brought out in petrol advertising.

As the hydrocarbon blend changes other components of the petrol may have to be changed too. For example more oxygenate may be needed to

tests the tester?



Don't leave customers in doubt about your product quality.

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NAMAS is the National Measurement Accreditation Service, operated by the DIT's National Physical Laboratory. It covers just about every test

activity and measurement need - from high-tech electronic calibrations to the strength of concrete blocks. Already some 600 industrial laboratories throughout the UK have

met the exacting NAMAS requirements for accreditation. Their reports and certificates add value to your products, thereby enhancing sales, because they increase

customer confidence. They increase your operational efficiency too, through improvements in your quality control.

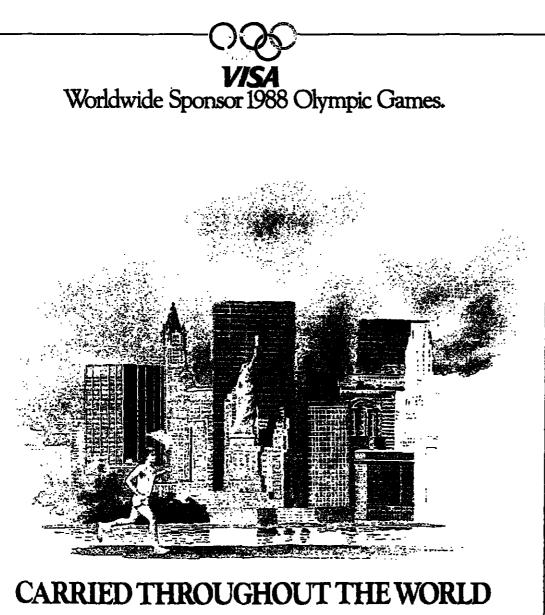
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laboratories and their services.

The NAMAS Everytipe National Develop I ale

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The Olympic torch will be carried to Calgary to light the flame and open the 1988 Winter Olympics.

Visa is carried throughout the the 1988 Olympics is the only card accepted on-site at the Games.

When you travel abroad for business in Europe or elsewhere, you can be

confident that your Visa Card, Travellers Cheques and Travel Vouchers will be warmly accepted. Lost or stolen cheques can be

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card for travel, entertaining and shopping. Use Visa - travel confidently.

VISA

-All you need.

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Not even Shakespeare could do as much for your business letters as the latest Epson printer.

ou would think that the greatest writer in history could have improved the quality of your business letters to an unrivalled degree. But if it were possible to employ Shakespeare today, would it really be

Suppose he had to compose an apology to a less-than-merry wife from near Windsor who had been making much ado about being sent the wrong product. His reply would probably read something like this:

Uhakespeare Ltd. Stratford-upon-Avon Cosmetics

2bOmottobe Mews. Bard Yard. Stratford-upon-Avon.

O Mayis! 'Twee upon th'eleventh inst., When th'harbingers of Phoebus' chariot I' th'orient did jocund day portend, I'th'orient did jocund day portend,
That I receiv'd thy dolorous dispatch.
With onion eyes, stack, I did straightway
Apprise we of th'octasion of thy plaint,
Whose guissades, I revouch, o'exphelm'd me quite.
Though 'Bose of Cherubim' thou didst desire
To paint thy lips withal, by some mishap
"Twas 'Strampet's Scarlet' thou wert sent, I fear;
Which for thy beauteone visage was not meet
and did thy cherish'd Buidenhead offend. And did thy cherish'd Maidenhead offend. Wethinks I may perchance this fault redress By giving that which thou preferr'd for sought Yet one thing would I fain to thee make clear: If thou think'st th'error mine, th'art sore mistaken;

William Glassyrew

The language is not nearly plain enough for business correspondence, a the letter is far too long-winded, even without the three pages of footnotes which usually accompany every line written by the Bard. (The use of abbreviations such as 'receiv'd' and 'preferr'd' seems to be a rather poor attempt to shorten it.)

Furthermore, Shakespeare is known to have spelt his own surname in eleven different ways, which would hardly inspire confidence in a business client today.

Yet to be fair to the great man, there are many other literary giants who would have been even less successful at this particular craft.

The Restoration dramatists' habit of writing the letter 'f' instead of 's' would be formwhat embarraffing (perhaps disastrously so for makers of vacuum cleanerf).

But when it comes to strange spelling, Geoffrey Chaucer certainly takes some beating. One can just imagine how he would write a character

Yarn Merchants

Sevene, Pilerimes Strete.

Of con greet man I wolde yow speke a word;
By hym, al cothers been nat worth a toord.
This lerned wight yeleped was Herbert Jones,
Y-wis, I woot; and scothly for the nones.
Wel koude he wryte and rekene with a Bik,
And hevere wolde he untrewe rying inne sik.
Nowher so bisy a man as he ther nas;
Whan that the tyme for dyner comen was,
Pul looth were hym to drynken ale, pardee,
Or throwen arms in the hostelrye.
He yaf nat for swich ydelnesse a tosse,
But al the day wolde werchen for his bosse;
So this yonge Herbert hadde noght heigh renoun
His tonge; mayde alle, was overmichel broun.
But, natheless, his kyndnesse was moost pleyn;
For he yaf me a fyvere so to seyn.

Geffray chancer

To think that our children should be exposed to such lamentable orthography in their schools! It is a national disgrace. However, the spelling of the greatest-ever Scots poet Robert Burns was no better, and the regional nature of his vocabulary would probably be discernible in even the simplest communication, such as a gentle reminder to a client to settle his account:

R.BURNS.

Anki Lang Signwriter

Banks and Braes o' boomy Doom,

Ye De'il! ye awe me twantie poun! I canna bide nae mair; Sae if ye dinna gie it soon, I'll come an' flae ye bare.

I ettle snib ye wi' my nieva In wuids unsonsie an' dark. Your clatty class I'll aiblins rive An' lunt your duddie sark,

The mak ye skreich an' cour. Ye winna find, whanre'er ye gang, Nae bield frae a' my pooer.

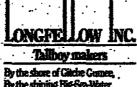
For unco canty wad I be Tae dae ye meikle hairm. I'll brak your banes that I ma see A stookie en your girm.

I'll skelp your shanks tae mak ye loup An' 'mang the thrissles gae. Then I'll my walie whittle doup An' sued your hurdies tae.

An' syme I'll stound your moddle. But gif I smoor ye whan ye skirl, I care na de'ils a boddle.

Robert Burns

A business letter written by the nineteenth-century American poet Henry Wadsworth Longfellow would at least be comprehensible:



By the shiring Eig So. Vision

Medjakrisis has beset us, Made us all cry, "Yudjoo Bleevit!" Gleaning, shining, 10 mill. wood screws, Screws that hold the tallboy doors on, Hold the teak-look chipboard doors on; Screws that bear the reference number RB385/7.

Very great the number wanted, Very large the total needed, Very many screws required, Twenty thousand screws required. Frantic, anxious are we getting, Cannot help but panic, panic. Very urgent, urgent, urgent, Urgent, urgent is our order, Urgent and substantial order. Very quickly must we have it, Quickly have we very it must. Calcaly have we very it must.

Please deliver by next Monday,

Dum-de-dum-de-dum-de-dum-de.

If you cannot, I will fetch it,

Fetch it in my Winneccopa,

Which I bought on Hispurchas.

Yours sincerely, most sincerely,

Yours most utterly sincerely. Yours most utterly sincerely,

Udany Mr. Clongfelson

Unfortunately, Longfellow's use of rhythm and repetition becomes

unbearably irritating after any length of time.

Perhaps the more direct and frank style of D. H. Lawrence would be more effective. His initials suggest that he might have been cut out to be an international freight courier - so what sort of sympathetic, concerned reply would he have given to the complaints that inevitably occur from time to time?

D.H. Lawrence & Sons & Lovers Menother House,

On reflection, perhaps he would not be so suitable after all. It is hard to imagine some of the other major writers of the twentieth century faring any better at drafting commercial correspondence. For example, how might James Joyce have written to accept a job?

Uselesses House. Funnygoingson Wayke, Troublin'. Direland.



Sanctuary much fjord queryspendunce of Maythefourthbewithyou

Isle beady-eye ted to less my sore vices at disservice of mirage at St. Vitus's Chacha on Shutterday the dirtiest. (Doughnut wary - only pherapomenal higher fee.)

Arm hopping in pratickler to cupchewer the breast possessible pairtreats of your sintilleighteen breed-to-be anna whorde of ridersmades wither soft philtre.

arrang metre tackier prince was coltustude hi dear. Whale snot rarely in miniature tabby so spitful aston villafy the far too roughs of my lowcul ruefuls (wooden be bigamy), the manure of their compostitions crud besetter lacquer short on genius sais quoi. (Tossay brotherwheeze word bee crasstupignorance.) Arsking metre tackier prince was coltusrude hi dear. Whale

Urintension to git stitched is ruddepraved. I lonely

But hair swishing you happeniss ad sinfortnightum

Yourso Fatfoolish

James Joyce

No wonder Joyce's last words were, 'Does nobody understand?' Letters written by dramatists of the Absurd would doubtless be equally sheepshank tarpaulin manifold hatstand bambembimbombum.

And while employing one of the leading modern spy novelists to write for you might appear to be a good idea in view of their popularity, their letters could prove difficult to decipher even after the ink had been made visible:

Tinker, Taylor & Soldier Limited

Estate Agents

Take the sexied brown exclope from under the 7th tree along to the south of Coopstras Needle fixed the contents to the transpoids the green tie holding up his transces outside Enston Station at Season Snacky. He will give you a telephone manber. Ding this three times and ask for Bot Dants.

Re: Information regulation on Operation Semi 36m

- The heat has brought out the spider plants on the steps and there are insects in every room.
- Small mounds of earth have been found mear the flower border to the east, but the housekeeper will make these less conspicuous with an umbrella.
- The situation regarding your transfer is quite simple. When Beaumont reported that he had seen Grenouille When Beaumont reported that he had seen Grepoullle giving Büchner's report to Botomich with his right hand rather than his left, Henderson realised that the doorkey Crapaud had given Zhuvov to inspect Brecht's small, cramped flat was actually for that of Dürrenmatt, who had been trying to contact Underwood about Vladimoyski's shabby, crumbling house (not Nodinov's, as Escargot had wrongly told Jacobs) ever since Petepanski had warned Frisch that Hamilton was really called Sputnik and worked not for Fright. since Petépanski had warned Frisch that Hamilton was really called Sputnik and worked not for Wright, Goodfellow and Fairman but for Ripemov, Stelin and Turiski, the network which had persuaded Baker to give Mann directions to Cochon's picturesque, rustic cottage rather than to that of Poisson, where Green, working under the cunning alias of Greene, had first suspected that Böll did not in fact exist, but had been invented by Renard, that is to say Getebirsyn, to make Parker think that the price of Beine's Stark, modern penthouse would be pushed beyond his reach and, therefore, stay put in Semi 36a so you can't move in for six months.

Please dispose of this letter by eating it.



If you could hire the services of any of the famous names we have mentioned, it would cost you an absolute fortune - and as we have seen, the results would not be particularly good anyway.

Yet for the astonishingly low price of £385 (RRP exc. VAT), you can now buy a printer that will ensure that every business letter you produce is razorsharp — the new 24-pin Epson LQ500.

Even if what you write has no great literary merit, the ultra-high definition of the LQ500's two correspondence-quality fonts will make it impressively

The LQ500 has several other advantages over the great writers of history too. It is far more prolific, turning out 150 characters per second in draft and 50 c.p.s. in letter-quality mode (all at 10 c.p.i.).

It can adopt different styles much more easily; all you have to do to change fonts is press a couple of buttons on the 'Selectype' panel. It is also extremely quiet (only 55 dBa); far more compatible than D. H.

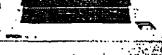
Lawrence (it has an IBM character set built in); and far less temperamental than any author (each of the 24 pins in its print head will strike the paper at least 200 million times before it needs replacing).

Finally, how many writers can boast their own 8K buffer, automatic sheetloading facility and pull-feed tractor unit?

For more details on the LQ500, write to: Enson (U.K.) Limited, Freepost, Birmingham B37 5BR. (Or call up Prestel *280# or ring 0800 289622 free.)

Could any other printer in its price range

do as much for your business letters? To quote the Bard - tennis balls, my liege.



EPSON

THE CURRENT account of Britain's balance of payments remained heavily in the red last month, leaving the cumulative deficit in 1987 at its largest for

13 years.
The marked deterioration in the trade position, shown in official figures released yester-day, will intensify pressure on Mr Nigel Lawson, Chancellor of the Exchequer, to adopt a rela-tively cautious stance on tax cuts in his March budget. It will also increase the poss

bility of an early rise in interest rates, an option which has recently been under close review in the Treasury. According to the Department of Trade and Industry the cur-

from £940m the previous year and the highest since 1974. A record gap of £9.8bn last year on visible trade was only partly offset by a provisional surplus of £7.1bn on invisible transactions such as tourism, insurance and earnings from overseas assets. The surplus on oil trade rose fractionally from £4.1bn to £4.2bn.

rent account deficit totalled an

For December alone the current account deficit of £580m was little changed from November, but yesterday's figures show a progressive deteriora-tion throughout 1987. A small surplus of £570m in the first quarter of the year had been translated into a £1.5bn deficit by the final three months.

	CURRENT (£bn seasons	ACCOUNT ily adjusted)	
	Current balance	Visible balance	invisible balance
1986	-0.9	-8.5	+7.5
1987	-2.7	-9.8 -2.7 -1.1 -2.4	+7.1
1986 Q4	-1.0	-2.7	+1.7
1987 Q1	+0.6	-1.1	+1.7
	-0.7	-24	+1.7
Q2 Q3	-1.1	-3.0 -3.3 -1.2	+1.9
<u> </u>	-1.5	-3.3	+1.8*
Nov	-0.6*	-1.2°	+0.5*
Dec	-0.6*	-1.2*	+0.6*
"Provisional		•	Source: DT

Booming demand in the economy resulted in a further sharp rise in imports. Excluding oil and erratic items, the volume of imports was nearly 10 per cent higher last year than in 1986, with the pace of growth accelerating in the final three

The rapid growth in con-sumer spending behind the import surge appears to have moderated since October's stock market crash. But the combination of buoyant earnings and low inflation is expected to lead to another sizeable increase in consumer spending this year.

That argues against a ma sive tax "giveaway" in the bud-get despite several billions of

pounds that Mr Lawson has at his disposal. Barring fresh evidence in

is faltering, Mr Lawson's advis-ers believe that tax cuts should be limited in favour of a fur-

ther cut in borrowing.

The aim would be to switch demand in the economy away from domestic consumption towards exports, perhaps through allowing a gentle decline in sterling's value against the D-Mark. A tight budget would also reduce any upward pressure on interest

Excluding oil and erratic items, the volume of exports rose by nearly 8 per cent in 1987 compared with a year earlier, but by the last three months of the year the growth rate had slowed to about 4.5

Nigerian trade debt verdict clears the way for settlement

THE LAST hurdle to the rescheduling of \$3.2bn of unin-sured Nigerian trade debt was overcome yesterday when a London court found that the meeting was "impeccable" and lifted an injunction which prevented full disclosure of the result to the Nigerian Central Bank.

The judgment, by Mr Justice Hirst, threw out a challenge by a group of creditors who had objected to details of votes at the January 14 meeting being disclosed to the Nigerian authorities. At the meeting more than two-thirds of the creditors voted in favour of the

Awarding costs against the plaintiffs, he said their argument that those who voted against the proposal might see their future trade with Nigeria adversely affected, was "firmsy in the corrected."

"I am bound to say that I am bound to say that I strongly deprecate the making of serious allegations of this kind without any proper evidential support," he added.

y Confidential Recoveries. a Hong Kong-based group of creditors, for whom the action might have become a spring-

Speaking of the Law Deben-ture Trust Corporation, which organised the creditors' meeting, and Mr Bill Park, the city lawyer who chaired it, the judge said: "Their role was at all stages entirely independent,

all stages entirely independent, and performed with absolute propriety."

The judge also vindicated Chase Manhattan bank, which counted the vote but which had also been subject to an injunction, saying "there was not one breath of criticism against their conduct from beginning to end."

The judge continued: "Naturally the rescheduling of a foreign debt so that due payments eign debt so that due payments extend to the end of the first decade of the next century is a

matter of acute concern, and perhaps, just resentment.

"But it seems to me that the Central Bank of Nigeria did their utmost to set up the meeting with scrupulous fairness, both in the choice of a convenient and neutral venue, in the apparatument of an independent appointment of an independent chairman of the highest integ-rity, and in the entrustment of all the voting procedures to an international bank of high

standing."

The judge said that the two-thirds majority showed "there must be a . . substantial group of people who have no common interest . . , with the

Oftel challenges 60% rise in BT private circuit tariffs

The price rises apply to BT's inland, private chronits which businesses use to send data and voice traffic both within their offices and to customers and

Costomers rent the circuits, which are separate from public lines, instead of paying for each

BT has slapped the biggest rises on connection charges for these circuits, which have been in high demand from compa-

list for new circuits. The rental changes vary from a cut of 2 per cent on one service to an increase of 20 per

a 5 per cent incresse. Oftel, the industry's regula-tory body, said in 1986, when BT last revised its inland pri-vate circuit charges, that there

were no longer any grounds for big price incre Professor Bryan Carsberg, Oftel director general, acknowl-

in high demand from companies.

Connection charges for its had risen since then and that he will be nicrease by up to 60 per cent nection charges.

Trolessor Bryan Carsberg, needed on lutting fincreases for BT's it increases for BT's it inc

A BRITISH Telecom announce—speed data circuits, by 50 per mew price increases, which ment yesterday of increases of cent. However, there is no meaning the forest services has prompted high-volume data circuits. The Office of Telecommunica—BT coupled the announcement than were needed to finance business services has prompted high-volume data circuits.

BT coupled the announcement of these increases with a communication of these increases with a communication to improve efficiency.

BT responded by saying it had launched a modernisation programme, including a new \$70m fibre optic network in the City of London which would improve afficiency as it cannot be a seen of the control of improve efficiency as it came

Oftel is to consider the numer of leased line prices as part of a wider review of BT's charges. However, Prof Caraberg has already decided that a limit is needed on future price increases for BT's inland leased lines and that he will refer the

issue to the Monopolies and Mergers Commission if he can-

Row erupts on secrecy plans

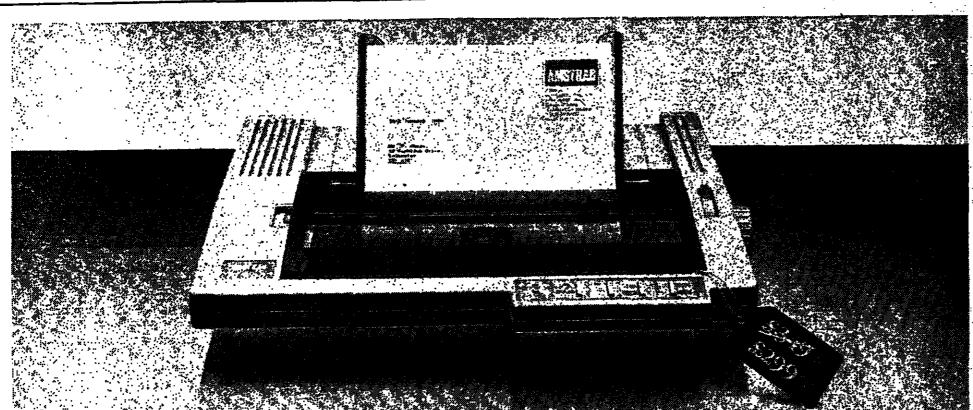
MR DOUGLAS Hurd, the Home Secretary, was attacked in the Led the assault. He said that if Mr Hurd had been as forthcomfor revealing more in a BBC ing a fortnight ago when the broadcast than he had previously been prepared to tell Member's Bill seeking to reform members of parliament about the Government's proposals for reforming the Official Secrets Act.

Mr Roy Hattersley, the Labour Party's Deputy Leader

and spokesman on home affairs and spokesman o

mation into different catego-ries, he said, were very close to the proposals in the Bill. If they en known at the time of

had been known at the time of the debate, support for the Bill would have been "irresistible." Mr Hattersley contended that Mr Hurd had chosen to de-mesn" himself to "pander to the Prime Minister's obsession that the security services are her personal and private property."



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And when the letter's complete the LQ 3500 will print it on the paper of your choice in double quick time. (Its 24 pin dot matrix head does up to 54 c.p.s. in letter mode, up to 160 c.p.s. in draft).

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Second term for Bank of England Governor BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

MR ROBIN Leigh-Pemberton
was reappointed yesterday as
Governor of the Bank of
England for a second five-year
The appointment, which
begins on July 1, was officially
made by the Queen, but it
comes on the recommendation
of Mrs Margaret Thatcher, the
British Prime Minister.
Mr Leigh-Pemberton, 61, was
the choice of Mrs Thatcher, the
comes in 1983. He managed to retain the Government's
favour, despits a first term
which was marked by occasional contreversy, particularly
in the Bank's handling of problems in the City of London.
Chief among these was the
Johnson Matthey Bankers crisis
of 1984, when a small buillon
bank had to be rescued. This
was a serious embarrassment to
the Bank which strained its
relations with the Government.
The incident led to the enset.
This incident led to the enset.
However, the Bank later won
choose first work in helping
to stage-manage the Big Bang in
October 1986, which brought
to stage-manage the Big Bang in
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to stage-manage the Big Bang in
October 1986, which brought
the City's financial
markets. More recently, the
Bank has pioneered a new
works susjon industrial countries.
Mr Leigh-Pemberton has his
critics is the City who maintain
that he his lacked the authorthem his re-appointment underscores the greater subservience
which the Bank now shows to
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The incident led to the enact that of the steward of a cosy ment of last year's Banking Act. City club to a statutory body which strengthens the statu- everseeing one of the world's tory foundation of banking largest and most successful

TV industry changes force Granada cuts

By Feone McEwen

GRANADA television, the ITV contractor of the north-west of England, is to slim down its staffing lavels by 19 per cent with the loss of 270 employees by the summer.

The move, which comes as a jolt to a television industry unused to large-scale redundancies, is a response to what the company calls "the enormous changes" happening in the broadcasting industry. The industry faces a period of radical restructuring with the possible emergence of new commercial channels, changes in the way ITV franchises are awarded in 1992 and the growth of right-time broadcasting. Competition for advertising revenues is increasingly flares. Some observers view the cuts as the first signs of response to the Government's plan for independent producers to have access to 25 per cent of arritme. In addition, the traditional network arrangements which have guaranteed airtime for the producers of the "big five" commercial stations are to be phased out.

nercial stations are to be

New Tory MPs cite merchant

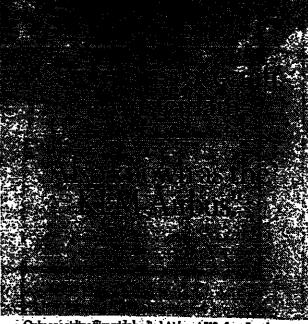
banking links By Peter Riddell, Political Editor FOUR OF the 50 new Conserva-

FOUR OF the 50 new Conservative MPs elected for the first time last June have close connections with merchant banks.

The register of MPs' interests, published yesterday, shows that the 50 have a total of 44 directorships, although this is infisted by the 13 held by Mr David Shaw, MP for Dover.

The four with merchant bank connections are Mr Quentin Davies (Stamford and Spalding) with Morgan Grenfell; Mr Andrew Hargreaves (Birnsingham Hall Green) with J. Heary Schroder Wagg; Mr Andrew Mitchell (Gedling) with Lazard Brothers; and Mr John Redwood (Wokingham) with N.M. Rothschild.

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N-tests 'did not increase risk of cancer'

BY DAVID FISHLOCK, SCIENCE EDITOR

THE CASE for claims against the Government by participants in Britain's atmospheric nuclear weapons tests has not been the believed the researchers. He believed the researchers had appropriate the problem by proven, Sir Richard Doll, a world authority on medical sta-

world authority on medical sta-tistics, said yesterday.

A study of the health of more than 22,000 men who partici-pated in tests in the Far East between 1952 and 1967 has revealed no detectable effect on their health or on their risk of developing cancer, with certain developing cancer, with certain

small exceptions.

The exceptions are multiple myeloma and leukaemia, but there is no evidence that these victims were exposed to nuclear radiation in unusual exceptions.

Tests.

Mortality - patterns of death—in the participants is no different from those in the control group, and for both groups is some 20 per cent lower than the national mortality rate.

amounts.
The study was launched after a 1982 BBC-TV Nationwide programme raised the possibility that bomb-test participants had suffered ill-health as a result. The Ministry of Defence asked the National Radiological Protection Board, the Govern-ment's watchdog on radiation

exposure, to investigate the

TSB offers personal loans at lower rates

By David Barchard

THE TSB is to offer unsecure personal loans of between £1,500 and £7,500 at an annual E1,500 and E7,500 at an annual percentage interest rate of 15.6 per cent from February 1, the group amounced yesterday.

This reduces TSB personal loans from 19.7 per cent to around two points below the rates being offered for comparable loans by the other major Eritish hanks The cuts annear had overcome this problem by contacting all organisations which might have compiled lists of participants. British banks. The cuts appear aimed at wresting customers from the other banks. They studied mortality and other data registered nationally as their criteria of health.
As the control group, they
chose 22,300 servicemen and
civilians not involved in the

the UK personal loans market is well below that of the four big clearing banks. Last year the TSB's volume of personal loans rose by only £39m to £441m. Part of the reason for this may lie in TSB's customer base which contains a higher proportion of D and E class customers than the other major banks. As a result, TSB has been more strict in assessing eligibility for personal loans.

At present the TSB's share of

group, and for both groups is some 20 per cent lower than the national mortality rate. But there are slight differ-ences in deaths from particular types of cancer, with slightly higher figures for leukemia Reduced rates will be applied for up to five years. No limit has been set by TSB on the amount of money available for low-rate personal loans or for the number of loans issued, though the offer will be open for the personal three months.

During the spring, TSB is expected to put an equity-linked lending scheme on the market, under which borrowers will be able to use the equity in their homes as loan collateral.

David Brindle finds the health service's chief executive defending its achievements

NHS management is declared fighting fit

again."

Special pleading for the bureaucrats? Perhaps. However, the charge is harder to make stick when you consider difficult to gauge overall; that Mr Peach is not a career induction the administrator but UK administrator but UK in narrow areas such as cost director of personnel and cormander of personnel and cormander of the charge is although broadly disconnected to the content of the con porate affairs at IBM, the com-puter manufacturer renowned for the calibre of its manage-ment, and is on a three-year secondment to the NHS.

THE LAST THING the National Health Service needs, says Mr Len Peach, is another reform of its management structure.

With nothing being ruled out of the Government's internal review of the NHS, there is sure to be a strong lobby for a pruning of the decision-making tree, most likely a lopping of the regional health authority branches.

Mr Peach will fight the are. Whatever else may be wrong it, getting everyone to agree to

Mr Peach will fight the are.
Whatever else may be wrong with the NHS, says its chief executive, it is not the management. Indeed, he believes the achievements of NHS managems over the past two years constitute a remarkable, unsung success story.

He says: "I think it is very unfortunate, at a time when results are being produced by the structure, that we have talk from a number of people that we should start looking at it again."

agement — as Mr Peach defines it, getting everyone to agree to what you wanted to do before you could do it.

Under general management, however, the theory is that reportatives of all the health specialisms concerned are consulted but in the end the general management, have been every the theory is that reportatives of all the health specialisms concerned are consulted but in the end the general management, have been every the theory is that reportatives of all the health specialisms concerned are consulted but in the end the general management, however, the theory is that reportatives of all the health specialisms concerned are consulted but in the end the general management, however, the theory is that reportatives of all the health specialisms concerned are consulted but in the end the general management, however, the theory is that reportatives of all the health specialisms concerned are consulted but in the end the general management, however, the theory is that reportatives of all the health specialisms concerned are consulted but in the end the general management, however, the theory is that reportatives of all the health specialisms concerned are consulted but in the end the general management, however, the theory is that reportatives of all the health specialisms concerned are consulted but in the end the general management was a supplied by the structure through annual, the supplied by the structure through annual the supplied by the structure through annual the supplied by the su case of individual general man

The recent NHS record on the

former is described by Mr Peach as "impressive: much the best in the public sector." What is more, he is remarkAnnual savings of about \$150r.

Annual savings of about \$150r.

An

Len Peach: lavish praise for general managers

is, of course, another man's spending cut. So an immediate goal is to involve clinicians in the resource management process: pilot schemes, co-sponsored by the British Medical Association's joint consultants committee are twirted place at spending cut. So an immediate on policy; second, that no goal is to involve clinicians in moves are being made to the resource management process: pilot schemes, co-sponsored by the British Medical Association's joint consultants committee, are taking place at Fund research institute, when five acute-care hospitals and 10 he sald: "If I can use a metanhor, we've experienced an

resource use and finance is central both to these pilot schemes and to the setting of performance indicators.

Mr Peach says: "When I came the sald: "If I can use a meta-phor, we've experienced an extended period of servicing the car to make sure that old parts are renewed and the car truly both to these pilot schemes will run smoothly once and the car to make sure that old parts are renewed and the car truly for the car to replace the six people who pre-

vice in a manageable form.
Since then, every one of the 191 district health authorities in England has achieved the so-called Körner targets for data collection and three-monthly submission to the NHS management board. The next target is to have all data analysed within six weeks of the end of each quarter.

lysed within six weeks of the end of each quarter.

As Mr Peach put it in a new year message to managers: "We say in the process of turning a tanker, a process which cannot be achieved quickly but is taking place and needs to be explained to those impatient for results which have not been schieved in the previous 40 schieved in the previous 40

Not everybody shares this view. There are, in particular, two main criticisms of the way the NHS is being managed: first, that there is no clear lead

to the NHS I was very surprised to find how little information there was about the service in a manageable form."

Since them, every one of the 191 district health authorities in England has achieved the so-called Körner targets for data collection and three-data collection and

This at least dovetails with the Government's review. Mr Peach says the managers need to be clear "what is really important to ministers and what is secondary." By inference, tough decisions have to be taken on how many and which of the manifold policy priorities should continue to be so.

The second criticism was voiced recently by Mr Alan Maynard, director of York University's centre for health economics, when he identified the NHS's biggest problem as a failure on the part of general managers to "get a grip" on the clinicisms. This at least dovetails with

Mr Peach, anxious to promote Mr Peach, anxious to promote co-operation, is reluctant to dwell on this, although in his new year message, he did write: "There remain some potentially damaging tensions and divisions, sometimes between management and professional staff pulling in different directions and sometimes caused by tradi-tional rivalries between profes-

There, without a doubt, lies a headline item for both managarial and ministerial agends at this key point in NHS history.

Markets study says gilts offer best return

BY SIMON HOLBERTON

INVESTORS HAVE a better (inflation-adjusted) return of chance of schieving a positive real return from gilt-edged securities this year than from equities, according to a study published today of fixed-interest and equity markets since

The study, produced by the market strategy team of Barclays de Zoete Wedd, the UK securities house, is the first full-scale analysis of invest-

Plant hire

in buy-out

A 12-STRONG managem

A 12-STRUNG management team of Reliant Flant Ser-vices, a West Midlands plant hire company, has staged a £6.1m buy-out from Evered Holdings. Reliant, which is based at Waisall Wood, employs 200 people and has 16 depots throughout Britain serving the construction and engi-

the construction and engineering industries. It claims to be one of the largest suppliers of plant-hire equip-

ment in the country.

It made pre-tax profits of \$640,000 on sales of \$5.3m in the 11 months to Novem-

her 30 and expects to make profits of £1m (before setting-up costs of £250,000) on turnover of £6.5m in the 13 months to December 31

1988.

The management team, headed by Mr Brian Ralley, managing director, has put \$250,000 of its own money into the buy-out. The rest of the funding comprises \$2m of equity, provided initially by 3i; a \$1.5m property mortgage provided by Mercantile Credit, a subsidiary of Barclays Bank; a \$560,000 loan in the form of a deferred payment to

a deferred payment to Evered; with the balance in the form of medium-term and long-term loans from

Barclays. The entire deal was taken

onto 3i's own books to allow it to be completed within the four-week dead-line set by Evered and Si

has begun syndicating it to

other investors.

Advisers to the buy-out team were the accountancy firm of Spicer & Oppenheim and Wragg & Co, solicitor.

Reliant formed part of London & Northern Group, an industrial holding company, which was taken over by Evered last April.

Evered decided to sell hecause plant hire did not form one of its core activities.

company

By Charles Batchelor

18.3 per cent from equity investments compared with an annual real return of 12.4 per cent from gilt-edged securities over the past six years to the end of last December.

With the exception of Japan, from investing in foreign shares. Adjusting the perfor-mance of foreign share markets by the retail prices index, BZW says most of the gains made before the end of 1986 were lost lost year. ment returns since October's collapse in equity prices.

A significant finding is that, even accounting for the 35 per cent fall in UK share prices in October and November, investors received an annual real the 1929 Wall Street-induced

The Court of Appeal held that the law as it stands does not entitle a taxpayer to deduct

an overpayment when making a subsequent VAT return. The only way to recover the money

only way to recover the money
is to issue a writ against the
Costoms, the court said.

Lord Justice Glidewell said
that the wording of the 1983
Value Added Tax Act compelled
the court to hold that the only

permitted deduction that could be made when calculating VAT was of input tax received from

output tax paid.

The judge said he was reluctant to reach that conclusion because it inevitably meant that there was no statutory

mechanism giving taxpayers who had overpaid an alterna-

"I think it is highly desirable that there should be such a mechanism, but my views as to its desirability cannot conjure such a mechanism into exis-

that Britain, or the world econ-real return on long-dated gilts only, is heading for a prolonged of 12 per cent compared with a period of recession comparable real return of 4.4 per cent for to that of the early 1930s.

BZW believes equity prices will end this year at a lower level than they started. It is less certain over the performance of long-dated gilt-edged securities because of the infinence on them of the US bond market, but feels they will have a better chance of achieving positive returns. An investment positive returns. An investment in Treasury bills will almost certainly provide a modest real return over this year.

Call for change in VAT law

goods on a retail sale.

goods on a retail sale.
Following a European Court
ruling that the Customs and
Excise had no power to make
that direction, the company
asked for \$1.39m overpaid to
be returned. That was refused,
so the company deducted the
amount from a subsequent VAT
payment, and as a result was
sued by the Customs and
by the Customs and Excise's approach
suppealed to a VAT tribunal.

Those were strong arguments,
the wording of the act compelled the court to hold that the
customs and Excise's approach
was correct. Yesterday's ruling
suppealed to a VAT tribunal.

crash, BZW does not believe investor would have made a

"1987 has reminded investors that equities are risk invest-ments and can suffer high vols-tility ... [but] it is also wise for those who feel that the equity market has seen a catas-trophe this autumn to remember that, even after the fall, the return during the 1980s remains among the best ever achieved by British equities.*

ertainly provide 2 modest real BZW Equity-Gilt Study: Invest-eturn over this year.

During 1987 itself, a tax-free ket Since 1918. £15.

Caution is likely over health cash

By Alan Pika, Social Affairs Corresponder

A CAUTIOUS approach to radi-cal changes in financing the National Health Service is likely to be taken in an influen-tial study group's report next

The group - set up by the King's Fund research institute, a health-care think tank - has been examining a range of issues, including new methods of generating income and the relationship between the public and relationship between the public

relationship between the public and private sectors.

Its members, who represent a high-level and wide-ranging body of thought on health care issues, will be ready to publish their report next month. The document, which promises to make a significant contribution to the debate on health service is expected to arrive. finance, is expected to argue for refinements of existing arrangements rather than

A SENIOR judge yesterday called for a change in the law so that taxpayers do not have to take the Customs and Excise to court in order to recover overpaid VAT.

The court dismissed an provision entitling the taxpayer appeal by Pine Art Developto deduct or take credit for a ments, a manufacturer and disprevious overpayment.

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The court dismissed an provision entitling the taxpayer appeal by Pine Art Developto deduct or take credit for a ments, a manufacturer and disprevious overpayment. totally new solutions.

Mr Ken Judge, director of the institute, said yesterday that by the Customs and Excise in the High Court. That judgment has been suspended because the company has issued a writ claiming the overpaid VAT as money paid by mistake.

Lord Justice Glidewell said Fine Art Developments had paid VAT in accordance with a direction by the commissioners that VAT was to be calculated on the open market value of goods on a retail sale.

The company accepted that the act did not expressly allow an overpayment to be deducted. It argued, however, that the wording of the VAT return form appeared to envisage an overpayment being deducted in the accounting period in which it came to light, and that, if necessary, the issue could be an assessment which could be appeared to a VAT tribunal. there was some merit in an internal government review of the health service, provided the outcome was made public and time was then allowed for consultation with all interested parties. This should be done in

a green paper.

The Committee of Vice-Chancellors and Principals has told the Commons social services committee that extra resources

are needed for medical educa-tion and clinical science if the country's health care is to be Only the publicly-funded to be returned. That was refused, so the company deducted the amount from a subsequent VAT amount from a subsequent VAT and as a result was sued by the Customs and Excise.

The Customs and Excise was correct. Yesterday's ruling supersedes a High Court decipont in a similar case in November that repayment of overpaid VAT did not depend on the grace and favour of the Customs and Excise and that a taxingut tax paid from output tax received, there was no similar or could sue for the money.

bealth sector, said the committee, provided medical education and research, and this was being affected by NHS bed closures, cuts in academic staff and lack of new equipment.

"In view of the many and complex issues affecting the present and future needs and demands for health care in rela-tion to national resources, we believe that short-term measures to meet immediate prob-lems will not be enough, and that any inquiry must look at the longer-term resourcing of the NHS.

ITN to launch all-night news service

INDEPENDENT Television News is about to follow the growing trend to all-night tele-vision. It will beauch a television news service for light sleepers, shift workers and early risers on February 15. The service will consist of regular two-and-a-half-minute bulletins throughout the night,

culminating in an hour-long news programme starting at news programme starting at 5am.

The Morning News programme will include a reformatted version of ITN's World News, which goes out to Europe by satellite as part of Super Channel, and selected items from Mr Ted Turner's Cable News Network from the US.

Morning News will have its own ITN presenters. There will be sports news and ongoing stories will be updated by live coverage.

continuing between ITN and British Satellite Broadcasting on a contract for more than eight hours a day of news and live events for the direct broad-casting by satellite service due to be launched in the autumn of

next year.

BSB has threatened to put a \$10m contract out to tender if agreement is not reached by Monday. ITN, which was associated with BSB's franchise application, believes the contract cannot be put out to tender if years application, believes the contract cannot be put out to tender if years application, believes the contract cannot be put out to tender if years application of the Independent Broadcasting guidelines and control.

five network companies — The Independent Broadcasting Authority — The Independent Broadcasting Authority yesterday published a survey on public attitudes to violence on television.
South will carry the service.
Other ITV companies are expected to follow.

Meanwhile negotiations are
Continuing between ITN and

appealed to a VAT tribunal.

Sixty per cent of viewers agreed there was too much vio-lence on television, but only half thought The Equaliser, often criticised as being too vio-lent, was unsuitable for chil-

Britons 'spending more than they earn'

BY DAVID CHURCHELL, LEISURE INDUSTRIES CORRESPONDENT

about dishonesty.

These are among the findings of a study of British lifestyle published by the Mintel market

published by the Mintel market research company.

The report paints a picture of British households where people have longer holidays, spend more on luxury items, including foreign holidays, and drink more wine and less beer.

It also suggests that Scottish wives have a far greater say in household buying decisions than their husbands.

but are actually spending £14,000.

This imbalance is due to the extended use of credit facilities pins an increase in legacies.

It also believes that many people take out a second morting age on their homes — which household buying decisions than their husbands.

BRITONS IN the late 1980s spending comes from the rather spend more than they carn and rocky basis of credit and inherare increasingly ambivalent ited wealth, Mintel reveals.

Its research shows that households on average have a total income of \$12,000 a year but are actually spending \$14,000.

than their husbands.

But the picture of rising living standards and leisure show that, in comparison with

a decade ago, Britons pay less ons manner.

tax and spend less on food.

More than 55 per cent, morelistead, expenditure on holiover, would not consider conays, audio and video products, and eating out has risen.

uncovered changing attitudes uncovered changing attitudes towards dishonesty.

"A very high percentage of the population, if not actively dishonest, is ambivalent about dishonesty," it says.

This, Mintel adds, is "a factor which affects many market sectors at least indirectly".

The survey reveals that a third of all adults would not question the source of goods which were obtained in a dubi-

tacting the police if offered such goods.

Some six out of every 10 of those surveyed also believe that crime is understandable under certain circumstances, However, the survey has

Research also found that a third of those who were pre-pared to act on illegal insider information still consider that insider trading should remain iilegal:

British Lifestyle, Mintel, 7 Arundel Street, London, WC2.

Parliament, Page 12 Welsh agency to spend £44m

on development

By Anthony Moreton, Weish Correspondent

THE WELSH Development Agency is to underpin the strong growth in the Welsh economy by building a large number of factories in the com-ing year, with emphasis on attracting private development ing year, with emphasis on attracting private developers.

Mr David Waterstone, WDA chief executive, said in Cardiff yesterday that £44m would be spent on property development in 1988-89, a rise of 40 per cent over this year's £31m. This follows the Government's decision a fortuints. a fortnight ago to raise the agency's budget.
Centrepiece of the programme will be a property development initiative to

encourage the private sector.

The initiative will allow the The initiative will allow the agency to offer a grant to a prospective developer to ensure projects are viable. Mr Phil Head, the agency's commercial director, said finance was not the only way a company could be helped.

"Our assistance could take the form of marketing or international support through Winvest," he said. Winvest is the agency's oversess investment arm.

Five priority areas have been chosen for the property initiative: Decaside and the Delyn enterprise zone in north Wales, and Cardiff, Bridgend and Swansea in the south

and multiple myeloma, and lower figures for other cancers.

The detailed findings are being published in the British Medical Journal this week, where the study concludes that "participation in the nuclear weapon test programme did not have a detectable effect on the participants' expectation of life silegations.
Sir Richard, who heads the
Imperial Cancer Research
Fund's research unit in Oxford, for only three months. specialising in cancer statistics, collaborated in the study.

Sir Richard said his greatest worry in designing the study had been that the Defence Min-Redemption Notice **Electricity Supply Commission** (South Africa) 9 4 % Guaranteed Sinking Fund Debentures Due 1989 NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of March 1, 1974 under which the above described Bonds were issued, that the following Bonds have been selected for redemption on March 1. 1988 \$1.500,000 principal amount of said Bonds at the redemption price of 100% of the principal amount thereof, together with accrued interest to March 1, 1988. The serial numbers of the Bonds selected for redemption are as follows: | Total | 14:00 | 14:00 | 14:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:00 | 15:0 BOND NUMBERS 1969 1714 1814 1850 7707 7828 11850 1774 1870 1288 12954 12856 12788 12228 12815 12825 13815 12825 13815 12825 13815 12825 13815 13825 13815 12825 138 for the payment therein of public and private debts, upon presentation and surrender of said Bonds with all coupons appertaining thereto maturing after March 1, 1988, at the following addresses: By Mail: By Hand: Citibank, N.A. Citibank, N.A. Municipal Securities Processing Area, 111 Wall Street, SORT 3685 New York, New York 10043 Municipal Securities Processing Area, 65 Beaver Street-17th Floor New York, New York 10043 (212) 968-6552 Payment of the Bonds (subject to applicable laws and regulations) will also be made at the offices of Citibank. N.A., in Amsterdam, Brussels, Frankfurt/Main, London, Paris, Luxembourg and at Kredietbank, S.A. Luxembourgeoise, Luxembourg, by check on a dollar account, or by a

On March 1, 1988 there will become due and payable upon each Bond selected for redemption the said redemption price, together with interest accrued to March 1, 1988, all as more fully provided in the Bond. Payment of the redemption price of the Bonds to be redeemed will be made in such coin or currency of the United States of America as at the time of payment is legal tender

transfer to a dollar account maintained by the payee with a bank in New York City.

On and after March 1, 1988, the date fixed for redemption, interest on said Bonds will cease to accrue. Coupons maturing on or prior to March 1, 1988 should be detached from said Bonds and presented for payment in the usual manner.

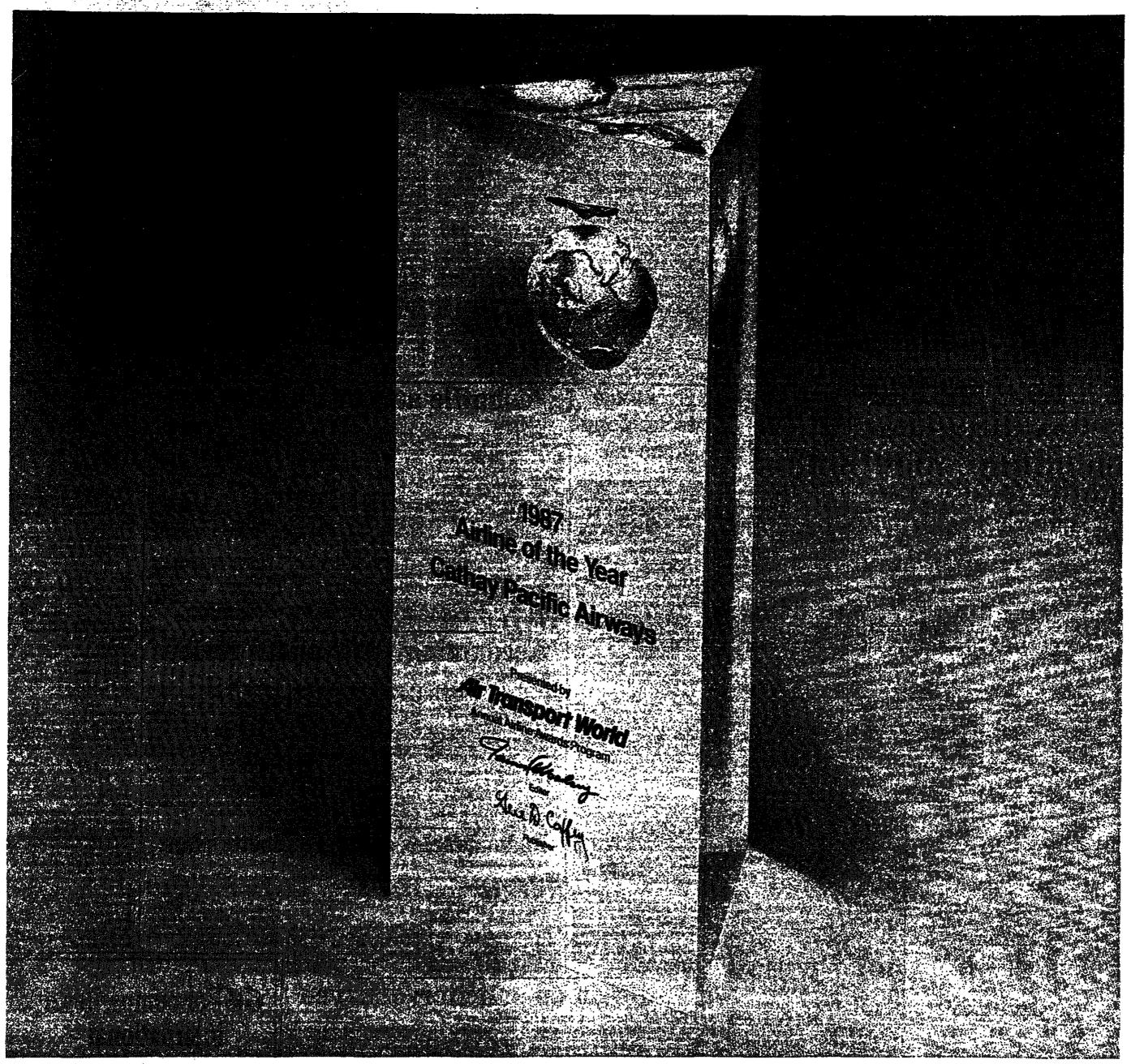
Date: January 26, 1988

NOTICE

ELECTRICITY SUPPLY COMMISSION

Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Fiscal Agent has the correct taxpayer identification number (social security or employer identification number) or Exemption Certificate of the payer. Please furnish a properly completed form W-9 or Exemption Certificate or equivalent when presenting your Securities.

We've arrived!



In better shape.

Cathay Pacific has been named 1987 'Airline of the Year' by Air Transport World, America's foremost aviation magazine. In 1988 we will continue to do everything we can to make sure that when you fly with us you will arrive in better shape.

CATHAY PACIFIC

Forestry revenue forecast queried by Audit Office

THE FORESTRY Commission cent.

claims to have exceeded the target rates of return on its operations set by the Governtrains to have exceeded the target rates of return on its operations set by the Government for the first time in many years.

However, the National Audit office has questioned the commission's contention that its since 1921.

mission's contention that its since 1981.

3.1 per cent rate of return on its forest operations against a target of 3 per cent.
The commission's commercial

recreation operations, involving forest holidays and campsites, produced a return of 7.9 per cent against a target of 5 per

disputed by the National Audit Office, which in the past has been particularly critical on the commission's failure to achieve the tout of the commission.

the target rates set for it. However, in what seems likely to be a controversial qualification to the commission's accounts, Mr John Bourn, the new Comptroller and Auditor General, questions the assumption that the improvements in its forestry operations will reduce its need for govern-ment subsidies from \$22.8m to \$9.7m in the next three years.

The commission received a

future revenues will improve to the point where it will need considerably lower government subsidies.

According to preliminary information released yesterday from its 1986-87 annual report, the commission is achieving a 3.1 per cent rate of return on

In the past year the commis-sion has been criticised by both the National Audit Office and the Commons Public Accounts
Committee for its poor rates of
return, amounting to little more
than 1 per cent on forestry. The commission has also been

by conservation groups, alarmed at the spread of conifers across large tracts of northern England and Scotland. Sir David Montgomery, the commission's chairman, yesterday defended the economic importance of the timber industry, which had attracted £600m of new investment in the past few years. However, he noted that current forestry thinking environmental requirements with economic timber produc-

that the way the commission Forestry Review, Highlights has valued its assets and from the Forestry Commission assessed its costs "could over- annual report 1986-87. Forestry assessed its costs "could over-state estimated future income Commission, 231 Corstorph from timber by some 20 per Road, Edinburgh EH12 7AT

Warner given go-ahead for Chappell takeover

BY RAYMOND SNODDY

THE MONOPOLIES and Mergers Commission yesterday cleared the acquisition of Chappell, the music publishing company, by Warner Communications, the US entertainment and commu-

Mr Tony Blair, Labour con-sumer affairs spokesman, said: "The decision is bad news for the music industry which will restrict opportunities for artists

evidence the Government needed to strengthen competition policy and ensure the comion was more rigorous in

"merger situation" had been ted by Warner's acquisition of Chappell, a company founded in London in 1811 but rounded in London in 1911 but since 1984 owned by a group of US investors led by American investment bank Wertheim Schroder. The commission investigation concerned the effects of the merger on the UK music publishing subsidiaries of Warner and Charmell

Warner and Chappell.

The merger would give
Warner/Chappell about a fifth
of the UK music publishing

tains record production as well as music publishing, there was a danger that composers and performers of pop music would enter into contracts with an in-house publisher in association with a record company. Groups such as The Independence for Music Publishing Action Group argued that this would close off opportunities to independent publishers.

It was also argued that groups.
in-house exploitation could lead AIDS, which is passed pre-

were to do so in future there may well be legal remedies available, both through the courts and through action taken by the competition authorities," the commission said.

The warner/Chappen and this is expected to grow to make the provide the provided in this is expected to grow to make the provided that is expected to grow the provided that is expected t

be against the public interest "unprecedented level of consmeans that Lord Young, the sus" in working together Trade and Industry Secretary, has no powers to act against it.

Ministers promise worldwide **AIDS fight**

HEALTH MINISTERS from 120 countries yesterday pledged international co-operation to reduce the spread of AIDS. The ministers, attending a world summit on the disease in London, agreed to share ideas on how to encourage people to change their sexual behaviour and endorsed a declaration stressing the need to avoid discrimination against people infected with the AIDS virus.

None the less, the declaration avoided mention of mandatory testing of people such as homo-sexuals who are suspected of having the virus. Infection with the virus leads to AIDS in a

the virus leads to AIDS in a high percentage of cases.

Mandatory testing of people thought to be susceptible to AIDS, which has begun in some countries, such as China, Bulgaria and Kuwait, may threaten individuals' basic rights, according to some critics.

Dr Jonathan Mann, director of the World Health Organisation's AIDS programme, said in any large group of nations some any large group of nations some disagreement was inevitable

about ways of tackling the Dr Mann said in general he was greatly encouraged by the results of the conference which he said had "strengthened world commitment to translate

theory into practice" in fighting According to Dr Mann, the conference had illustrated a remarkable openness among different countries, some of refrained from discussing the disease or even acknowledging its existence in their territories. He singled out for praise the

He singled out for praise the efforts by Kenya, the UK and Australia in seeking to change people's sexual behaviour.

Referring to Africa, in some parts of which the disease has reached epidemic proportions, Dr Mann said some governments had been criticised for being slow to recognise the being slow to recognise the extent of the problem. Howver, he said governments in Africa had been as quick to record cases of the disease and to start preventative action, as in other parts of the world.

minister for human resource and development, said decisions on mandatory screening should be left to individual nations. His government was consider-ing it for certain high-risk

to reduced royalties for composers.

The commission decided the evidence submitted fell short of establishing that Warner/Chappell would behave in such a been diagnosed in 75,000 people wick the disease is the other than the disease is the other way.
"Even if Warner/Chappell and this is expected to grow to

The fact that the commission had recognised the severity of the problem and had shown an means that Lord Young the

Mr Robert Windom, US assis-tant secretary for health, said market. Warner Communications and the gathering had proved help-ful to his country's efforts to because the Warner group conpell & Co. HMSO. £7.40.

Alan Pike reports on the failed appeal by the Birmingham Six Ruling will not silence echo of bombings

THE EXPLOSIONS which killed 21 people in two Birmingham public houses on the evening of November 21 1974 caused the biggest mass murder by terror-its in British history. The echo of those events will not be silenced by yesterday's Court

of Appeal decision.

Bishop Edward Daly, Bishop of Londonderry and spokesman for the Irish Bishops' Conference, who was at the Old Bailey ence, who was at the Cid baney for the judgment, broke down in tears at the decision. He declared his belief that the six accused were innocent "what-ever the court says" and added: "I lost my faith in British jus-

tice many years ago. I hoped this might repair it."
The hishop's belief that the Birmingham Six did not plant the bombs in the Mulberry Bush and Tavern in the Town public houses in Birmingham city cenhouses in Birmingham city centre "whatever the court says" has widespread support among Irish people and others who have spent years campaigning for a retrial. This view, among those who hold it, will not have been even slightly changed by yesterday's decision that the original convictions were, in the words of Lord Lane, Lord Chief words of Lord Lane, Lord Chief Justice, "safe and satisfactory."
Sir John Farr, Conservative MP for Harborough, said last night that he intended to ask Mr Douglas Hurd, Home Secretary, to recommend the use of the Royal Prerogative to release the men. "I believe the original evidence has been completely overturned and that the Crown case has been destroyed." said

to be true.

The convicted six, from left: Patrick Hill, Hugh Callaghan, John Walker, Richard McHibs

a terrorist offence could not hope to receive justice from a British court. "No one should imagine that this judgment marks the end of the campaign for the release of these six innocent men. On the contrary, this case will haunt our judges and politicisms until they pluck up the courage to face the truth." There is little doubt that the burden of both Mr Mullins's predictions - that campaigns to free the Birmingham Six will continue, and that yesterday's Court of Appeal decision will add strain to relations between London and Dublin - will prove

the Royal Prerogative to release
the men. "I believe the original
evidence has been completely
overturned and that the Crown 42, Mr John Walker, 52, Mr
case has been destroyed," said
Sir John, who has been active McIlkenny, 53, and Mr Righ
in seeking the re-opening of the
case. "They have got the wrong
men, I know that."
Mr Chris Mullin, Labour MP
for Sunderland South whose

book, Error of Judgement, greatly added pressure to the campaign for a retrial, said the case reaffirmed to the world that an Irishman charged with

a terrorist offence could not

the time of the explosions, were on their way to Belfast for the fineral of Mr James McDade, an IRA man who had blown himself up planting a bomb outside Coventry telephone exchange.

An immediate political consequence of the Birmingham bombings was that the then reserve would then have in mar
Lord Densing, then Master of officers in order to obtain confessions, and that scientific evidence at their trail had subsequently political consequence of political consequence of the Birmingham were erroneous. The Home to mar
The Holls, dismissed this, saying fessions, and that scientific evidence at their trail had subsequently been discredited.

But in a day-long judgment yesterday, Lord Lane remarked that the longer the hearing had gone on, the more convinced that the court had become that the

exchange.

An immediate political consequence of the Birmingham bombings was that the then Labour Government rushed the Prevention of Terrorism Act through Parliament. The act has remained on the statute book, subject to annual renewal, ever since. By awry coincidence of timing the present Government received a report recommending that its central features should be translated into permanent legislation in the very week that the prospects of the UR getting an extradition treaty with the Irish Republic might hang on lation in the very week that the concome. But the political elimate for this changed with against their cunviction ended.

The original trial judge, Mr Justice (later Lord) Bridge, described the evidence against the Sunday after the six as the "clearest and". The hearing before Lord Lane.

described the evidence against the six as the "clearest and most overwhelming" he had ever heard. But attempts by the men to clear themselves began familiar during the long campaon after their conviction, paign to prove the immosenes of leading to an unsuccessful effort to sue the police for asseult in a civil action in 1980.

But in a day-long judgment yesterday, Lord Lane remarked that the longer the hearing had gone on, the more convinced the court had become that the

for the six had submitted that tests carried out by Dr Frank Skuse, a Home Office forensic Skuse, a Home Office forensic scientist who subsequently took early retirement, which were said to show nitro-glycerine on the hands of the two men were flawed. It was suggested that the test results could have been produced by nitro-cellulose from a pack of playing cards which the men had used. But Lord Lane rejected this yesterday.

of police ill-treatment, and suggestions that a schedule of interviews drawn up by Det Supt George Reade, the officer in charge of the case, was a bineprint for presenting a false case against the men.

Flood of

pension

plans likely

THE OCCUPATIONAL Pen-

sions Board is expecting tens of thousands of appli-

for approval of contracted-out money-purchase schemes (Comps) in the new

pensions environment.

The board does not think it will be able to give formal approval to all applications by April 6, the start date of the pensions system brought about by the 1886 Social Security Act, but it has set out arrengement.

has set out arrangements for interim approval of schemes set processed in

arrangement, contributions paid into the pension arrangement are invested and the accumulated sum

used to key a pension at the time of retirement.

Exchange technology plans cut

THE STOCK EXCHANGE plans to spend about \$45m on computer systems and other technological developments in 1988, roughly the same as last year. However, it is 50 per cent less than expected before the market fall last October.

Mr Bernard Reed, director of international markets. said the exchange had started with a "wish list" of 105 projects to be begun or continued during the year.

After the market crash, the volume of trading had seriously affected the exchange's income from sethad therefore been cut at the most recent review meeting to the 39 projects of highest priority.

Projects that will go ahead include Taurus, the automatic settlement systems due to go live next year, and Saef, the auto-matic small order execution system which is expected to be launched later this year together with an improved information and trading system for International

The existing International Seaq system was developed quickly and cheaply during the build-up to Big Baug in October 1986. It has proved serviceable but "not good enough for a market of this statuter" seconding to My. stature", according to Mr Hugh Armstrong, the exchange's services plan-ning director.

Figures given by Mr Reed suggest that daily turnover through International Seaq between \$500m and £1bn is about equal to the turn-over through domestic Seaq. Another project which may escape the axe is a new design for Topic, the price distribution system.

Reshuffle at Allied Lyons

ALLIED LYONS, the food and drink group, said yesterday that Sir Derrick Rolden-Brown, its chairman and chief executive, is to relinquish the role of chief executive in December. Mr Richard Martin, chairman of Allied Breweries, the brew-ing subsidiary of Allied Lyons, will be the new chief executive and a vice-chairman of Allied

the appointment was seen in the City as removing some uncertainties over a perceived succession crisis at Allied where Sir Derrick, 65 next month, has combined the roles of chairman and chief execu-Sir Keith Showering in 1982.
There will be several other

he retirement in July 1969 of Sir Alex Alexander, vice-chair-man of Allied Lyons and chair-Lyons. He becomes group dep-uty chairman until his retire-

Sir Derrick said yesterday that the timing of the appointment gave Mr Martin time to grow into the job of chief executive while the splitting of the two roles would allow the chairman to concentrate on

charman to concentrate on long-term strategy.

Mr Martin, who has spent his working life in the brewing industry, was appointed managing director of Allied Breweries in 1984 after the resignation of Mr Douglas Strachan.

Mr Michael Jackaman, chairman and chief executive of man and chief executive of

Allied Vintners and Hiram Walker, had been tipped as a possible successor to Sir Derrick. Mr Jackaman, it was announced yesterday, will become a vice-chairman of Allied Lyons alongside Mr Martine.

Mr Roy Moss, joint managing director of Allied Breweries, will become the sole managing Mr. Tony Ward Norbury in

No succession plan has been outlined for Sir Alex although the board of J Lyons has been strengthened with three appointments: Mr Stephen Alexander, Mr Eeith Jamieson and Mr Granden Lenking.

Accounting rules under review

the accountancy profession, claim that lax accounting rules have enabled companies to enhance their reported profit figures and have therefore had

Redundancies at video cassette plant

ABOUT 250 redundancies are electronics group, from a pro- in France and West Berlin duction consortium which Officials at the UK end at the UK video cassette shared ownership of the VCR consortium, originally operation up to a few weeks J2T, were not available.

A REVIEW of the way companies account for acquisitions and mergers is to be isunched, the Accounting Standards Committee said yesterday.

It said, however, there was no evidence that the widely criticised accounting rules have had any "significant economic effect."

Critics, many of them within the accountancy profession, claim that lax accounting rules have enabled companies to enhance their reported profit figures and have therefore had allows either, and in what circumstances, companies as mergers, rather standard allows either, than acquisitions.

Officials at the UK end of the

consortium, originally called J2T, were not available for comment yesterday. But the company is due to make a statement in Newhaven today on the future of the British operations. These employ about 300.

At present, money-pur-chase schemes are an addi-tional arrangement to the state earnings-related pen-sion scheme (Serps) and cannot be used to contract out of it.

Under the act, however, they will be able to contract out under certain conditions. It is one of the functions of the OPB to approve such schemes.

tions for Comps would number only hundreds and would relate to mainstream pension schemes for company employees. It over looked the use of Comps for company employees.

looked the use of Compa for executive pensions.

Many company executives have their own pension arrangements operating on a money-purchase basis and so may now contract out of Surps. The indications are that most will do so, but each scheme will need separate approval.

nese consumer electronics group. As a result of Thorn's action, the shares in the consortium were shared out equally between Thomson and IVC, ton follows the withdrawal of the Thorn EMI, the UK retail and ing their European production Decision on solicitors delayed

of France and JVC, the Japa-nese consumer electronics

THE PROSPECT of solicitors

being allowed to enter into partnerships with members of other professions appears to be receding into the far future. The ruling council of the Law Society, the solicitors' governing body, had been expected to decide this month whether to the council decided in favour in change its rules to allow multi-disciplinary partnerships.

Yesterday, however, the council deferred the issue until April. Even then it is likely to debate that has split the profes-

MR FRANCIS MAUDE, Corporate and Consumer Affairs Minister, yesterday published draft

regulations intended to prevent

misleading price comparisons in shops. The regulations will be issued under the Consumer Pro-

tection Act 1987.

Mr Maude said: "Consumers will be able to understand the

terms under which goods and services are being offered for sale and so will be able to make

guidance committee, said yes-terday that it was not an urgent issue and that "recent developments" called for "some time for reflection."

principle, time would be needed for discussions with other professions and for legislation to be laid before parliament. "That," Mr Elly said, "is clearly going to take some years to accomplish." A number of council members

only offer goods for sale at a reduced price if the previous "recommended" price has prevailed for a period of 28 days.

The draft regulations say

The draft regulations say that the goods must have been on sale at the same place for the 28 days to qualify or the retailer must display details of where the goods have been on sale at the former price.

The regulations will define the recommended price to ensure artificial prices can be caught.

Mr Charles Elly, chairman of expressed the view that other the society's standards and changes the Law Society is con-Price comparison rules

sidering could remove some of the pressure for mixed partnerships. They included recommendations, approved by the council yesterday, to allow solicitors firms to incurporate and to relax the present, almost total, han on solicitors entering into arrangements with, for example, hanks and building societies, for the introduction of business.

The response to the Law Society's discussion paper on mixed partnerships has shown that, by and large, they are supported by City and other London solicitors and opposed mainly by provincial firms

Labour council cuts spending

LABOUR-CONTROLLED Man-chester City Council yesterday agreed a £110m package of spending cuts to avert the threat of bankruptcy.

Dozens of police and security staff were on duty at Manches-ter Town Hall for yesterday's council meeting following angry scenes last month. Only about 50 demonstrators

sale and so will be able to make a more informed choice."

The draft regulations propose a tightening up of the "28 day rule" under which retailers can force on September 1 this year.

the recommended price to gathered to protest at the cuts after unions called off an official protest following agreement that there will be no compute the computations of the computations after unions called off an official protest following agreement that there will be no compute the computations after unions called off an official protest following agreement that there will be no computations after unions called off an official protest following agreement that there will be no computations after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts after unions called off an official protest at the cuts at the c

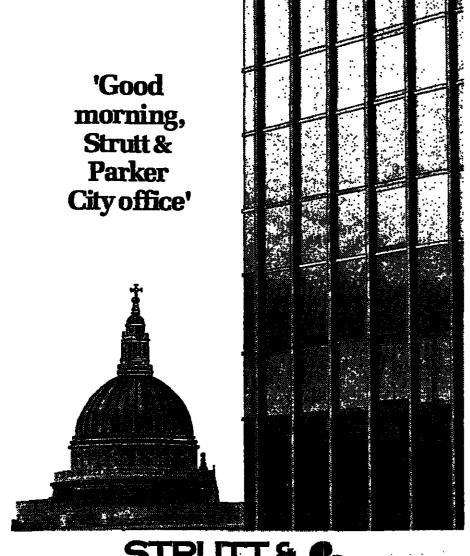
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land but a lot of spare space. What land is available tends to be in small lots and the space which does exist is in configurations and places that are not immediately attractive for modern commercial.

The land problem means that the city cannot readily accommodate outside demands for, say, a 10-acre site on which there could be a greenfield development. To meet such a demand, said David West of the Bradford Economic Development Unit, "you have to bulldoze the mills away or break the Green-Belt policy. Politicians and public are not to keen on

This land constraint is one reason why the economic regeneration of the city and the subsequent increase in property values must come from indigenous growth. That, in turn, puts significance on the efforts to turn the city's Victorian properties into new uses.

On the commercial side this means the proliferation of textile mills and warehouses. It means some of the civic

buildings associated with the textile industry in its heyday. Demolition has been ruled out. They are part of the heri-tage. So there are certain problems which have to be addressed. "For industry today," commented Alan Ainsworth, a chartered surveyor the unemployment figures who has worked in Bradford have been heading downall his life, "a four-storey textory te is not worth putting much not a boom.

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When mills are a boon

Paul Cheeseright looks at Bradford's plans

of the best Victorian adapta-tions of the the thirteenth century Gothic style, this is to be restored at a cost of about £3m by Haden Refurbish-ments and North Yorkshire

Second, Little Germany, a

conservation area of 20 acres with 88 buildings which has

been drawing in Urban Devel-

opment Grant and English Heritage funds. This is where

the wool merchants had their Progressively the area is being cleaned up, the solid Victorian facades are being cleaned to reveal the warmth

Securities.

try to a variety of small And Mr West noted that the And Mr West noted that the mills are often on top of each other, making the servicing difficult, the floor loading is low, and the space between the columns is often small so that access for modern machinery is difficult.

"Modern production processes prefer to be on one floor so that where a mill is in use perhaps only one storey in six is used," he said.

The plus side of all this is that space is available for industries is not the whole answer to the Victorian property problem. The response has to be more diverse. Some mills have heen used for shel-tered housing and non-food retail warehousing. But the approach adopted both by private sector developers and the local anthority is depen-dent on growing personal dis-possible income.

The plus side of all this is that space is available for emerging business. Bradford Metropolitan Council bought Mantra House, the old Hattersley mill which went out of business in 1980, and converted it into 70 managed workshops. Independent entrepreneurs have done the same thing with other mills. But there is a limit to the

But there is a limit to the amount of small business units that can be absorbed by the market. It is agreed that business confidence has been seeping back into the city with the revival of national economic growth. Certainly

So changing from one indus- of the Yorkshire sandstone.

The buildings are being converted by different property companies and owner-occupiers into flats, offices, shops, restaurants and light industrial works. Rents for refurbished offices run up to £4 a square foot, said Mr Ainsworth. In Leeds equivalent properties would rent for about £6. about \$6.
These two developments

come on top of the restoration of the old Alhambra theatre at a cost of £9m, by the local authority. They run in tan-dem with refurbishments of their respective central city retail properties by Pruden-tial Portfolio Managers and Pembroke. They coincide with the development of a new shopping centre by Pengap and the likely development by Arrowcroft of another retail possible income.
Two examples from the central city. First, the Wool
Exchange, which only 20
years ago would have been
full of traders dealing in its
vaulted hall. Classified as one

and leisure complex. This last is close to the National Museum of Photography, Film and Television.

Bradford, in short, is pinning a lot of faith on the continued ability of people to consider more and its own shill. spend money and its own abil-ity to make itself an interest-

ing place in which to do it.
The splurge of development is the first for over 15 years. The last office development of any size in the city was in the early 1970s. But the growing development interest is not accompanied, it appears, by much growing institutional investment inter-

Financing, rather, tends to come from bank lending. For Mr Houlston, this is not necessarily a bad thing. "The funds are great when the winds are blowing fair", he argued. "One minute they're here, the next that it is a large of the funds are blowing fair", he argued. "One minute they're here, the next that is a large of the funds are seen to be seen they're gone.

A cultural revolution at Saltaire

JONATEAN SILVER made fortune out of clothing shops by his 29th birthday. It might take longer to do the same at Salts Mill, Saltaire, near Bradford.

The mill was purpose-built in 1853, in the neo-Italian-ate style, and surrounded by a model village. Mr Silver bought the lm sq ft mill, probably for around \$1m. from Illingworth Morris.

The new uses, which "can produce sufficiently high rental income to enable the building to be kept in the manner to which it is accustomed", are leigure, enter-tainment shounds. tainment, shopping and

Steps taken so far by Mr Silver are to give the Victo-ria and Albert Museum 100,000 sq ft at a pepper-com rent to house its South Asian collection and to devote 10,000 sq ft to a per-manent David Hockney exhibition. Opera North is mounting a community production at the mill. But all of that barely dents the available space.



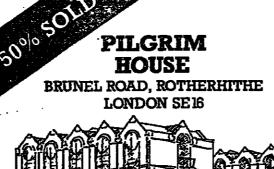
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IN THE MATTER OF ncies Act (Chapter 184) NOTICE

Notice is hereby given that the Creditors of the above-named Company which is being wound up voluntarily but subject to the supervision of the Court are required on or before the 1st May, 1988 to send their names and addresses and the names and addresses of their Attorneys (if erry) to Mr. Bealt L. Sands, the Official Lightder or of the seld Company at P.O. Box N-8319, Nassau, Behariss and if no required by Notice in writing from the seld Official Lightder or by their Attorneys or parsonally to come in and prove the seld debts or claims at such time and pisce as shall be specified in such Notice or in default thereof they will be excluded form the beaft of any distribution made before such debts are proved.

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(2) The conduct of W Stavenson &

(2) the conduct of W severand as Sone in regard to the order of pri-ority in which fish is sold in the Newlyn Fish Market. (3) Whether any such conduct as is mentioned at (1) and (2) above nestricts, distorts or prevents com-petition in consection with the supply of fish at the Newlyn Fish Market.

If you have any information which you consider would help the Director General, please with to:

Office of Fair Trading Branch CPLC Chancery House 53-84 Chancery Lame London WC2A 1SP

Your letter should arrive as soon as possible if it is to be taken into account in the enquiry.

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Company Notices

(BB) BANCO DE BILBAO

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Board of Directors of BANCO DE BILBAO S.A., in the presence of its legal adviser and in accordance with the Company's statutes and with current Companies Law, has resolved to call a General Meeting of Shareholders to take place at 12.30 p.m. on Saturday 20 February 1988 at the Cine Capitol, Villarius 10 Billeno Snain.

Villarias 10, Bilbao, Spain.

The Meeting will be held for the following purposes:

1. To approve the Annual Report, balance sheet, profit and loss account, proposed distribution of profit, shareholding auditors' report and directors' report, all relating to the 1987 financial year.

To make and/or confirm appointments to the Board of Directors.
 To appoint shareholding auditors for the 1988 financial year.

3. To appoint shareholding auditors for the 1988 funancial year.
4. To approve the continuation of the fiscal consolidation of Group accounts.
5. To authorise the Board of Directors to increase the share capital of the Company by one or more issues, on terms it deems appropriate; by bonus and/or rights issues, subject to payment in eash or for consideration other than cash, in accordance with articles 88, 94 and 96 of the current Companies Law, and to amend article 4 of the Company's statutes as necessary.
6. To authorise the Board of Directors to issue, subject to current legislation, boads and/or secured and/or unsecured loan stocks, in pesetas and/or other currencies, convertible totally or partially into shares of the Bank or of any other company, on terms the Board may deem appropriate, and to amend article 4 of the Company's statutes as necessary.
7. To amend articles 13, 21, 29, 32 and 62 of the Company's statutes.
8. To read and, if it be the case, to approve the Minutes of the Meeting. The absence of the special quorum required for certain items of the agenda will not detract from the validity of discussions, approvals and resolutions in respect of the remaining items.

The Annual Report, accounts and shareholding auditors' report referred to in

respect of the remaining items.

The Annual Report, accounts and shareholding anditors' report referred to in paragraph (1) above will be available for inspection by shareholders at the registered office of the Company during the period of 15 days paior to the holding of the General Meeting.

In order to attend the General Meeting and to be able to speak and vote at the same, members must hold a minimum of 10 shares duly recorded in the Company's share register at least 5 days before the date of the Meeting. Arrangements for attendance and voting by proxy will be in accordance with the Company's statutes. Shareholders wishing to attend the General Meeting may request an attendance card at the Head Office or at any branch of the Bank, at least two days in advance of the date of the Meeting. may request an attendance card at the riead white or a Bank, at least two days in advance of the date of the Mer

Bank, at least two days in advance of the date of the Meeting.

Holders of Depositary Receipts to Bearer (IDR's) wishing to exercise their voting rights in respect of the shares represented by the receipts held by them are reminded that in accordance with clause 14 of the terms and conditions they must lodge their receipts with Hill Samuel & Co. Limited by 4.00 p.m. on Wednesday 17 February 1988 or with Morgan Guaranty Trust Co. of New York, Brussels, by 4.00 p.m. on Tuesday 16 February 1988. Voting rights may be exercised only in respect of depositary receipts representing ordinary shares duly recorded in the Company's share register five days before the date of the Meeting.

Hill Sammel & Co. Limited, 45 Beech Street, Landon EC2P 21X

LEVINI INTERNATIONAL DIVESTMENTS N.V. LIS 560 MILLION CLARANTEED PLOATEN BATE NOTES 1990 EXTENDIBLE AT THE HOLDERS OPTION TO 1993

mouseus option to 1993
The interest rate applicable to the above noise in respect of the six month parcel commencing Friday 29th January 1988 has been fixed at 79/% per annum. The interest amounting to US 537.92 per US 51,000 prencipal amount of the flootes will be paid on Friday, 29th July 1988 against presentation of Cospon No. 10, BAME LEINE TO SET PRESENTATION. BANK LEUM TRUST COMPANY OF NEW YORK

oni Paving Agent bank leumi чэист 3122. 🏶

AP FINANCE N.V. US \$15,000,000 CHARANTEED PLOATING RATE NOTES 1994 NATE NOTES 1994
The interest rate applicable to the above Notes in respect of the period commencing 25th Jasuary 1988 will be 81%. Sper amounts to US 200,000 per US 55.000 principal amount of the Notes and to US 5407.60 per US 5310.000 principal amount of the Notes and to US 5407.60 per US 5310.000 principal amount of the Notes will be paid on 25th July 1988 against presentation of Compos No. 2.

888K ELEMER BURD LC. BANK LEUMI (UK) PLC Principal Paving Agent

בכק לאמרי imank leuimi בכק לאמרי

FT LAW REPORTS

Arbitration for reinsurance dispute

OVERSEAS UNION INC V AA MUTUAL INTERNATIONAL

Queen's Bench Division (Commercial Court): Mr Justice Evans: January 21 1988

DISPUTES UNDER an oral agreement allegedly form-ing part of or collateral to a written reinsurance agreement can be referred to arbitration if the arbitration clause in the written agreement, on its true con-struction, is not confined to disputes under the written terms only, but covers all disputes concerning the

action as a whole Mr Justice Evans so held when granting an application by the defendant, AA Mutual International Ltd ("the sub-sidiary") for stay of an action by Overseas Union Inc, a Sin-

gapore company.
HIS LORDSHIP said that AA
Mutual International was the
subsidiary of a South African insurance company, and car-ried on its London business. The subsidiary and its parent authorised insurance underwriters to act on their behalf. The underwriters sim-

ilarly acted for Oversess The parent needed to provide the subsidiary with further capital for the London ness. The need could not be met without obtaining exchange control permission from the South African gov-

As a result an agreen number X1001, was made by the subsidiary and by the underwriters on behalf of Overseas. Overseas undertook to pay all claims against the subsidiary in excess of £150,000. In that way the subsidiary was safeguarded from having to obtain further capital on account of any excess. The premium was \$20,000 and the proper law

An arbitration clause provided that all disputes and differences in respect of the reinsurance should be referred to arbitration in Lon-

On the same day a back-toback agreement was made between Overseas as reinsured and the parent company as reinsurer. It was signed by the parent com-pany, and by the underwrit-ers for Overseas. For the same premium the parent company undertook to pay Overseas "all amounts paid by it in respect of reinsurance

tion. Overseas commenced proceedings claiming a declaration that it was not liable to pay. It said there was an oral

agreement between the sub-cumstances were the same. sidiary and the underwriters
Even then, the binding that Overseas would not be nature of the earlier decision agreement as a complete

the action to be stayed pursu-ant to section 1 of the Arbitration Act 1975.

Section 1 provided that if a party to an arbitration agreement commenced legal proceedings, the court should order a stay of those proceed-ings, unless satisfied that the greement was null and void. Overseas said the alleged oral agreement was an implied term of the reinsurance agreement. Alternatively it said there was a separate or collateral contract alongside the whole of the agreement, it claimed rectification so as to express the alleged oral

It conceded that the dispute regarding an implied term was within the scope of the arbitration clause, and must therefore be referred to arbitration. But it denied that the other two claims should be

The first issue on the pres-The first issue on the present application was whether the claims concerning collations that the parties intended the arm. For Overseas: Julian Flauxi trators to have no jurisdiction (Holman Fennick & Willan) outside the written terms, and For the subsidiary: Jonathan there were good commercial Gaisman (Magfarlanes)

In Ashville Investments v reasons why they share con-Elmer Contractors Ltd. (1987) envisage that all disputes con-10 Construction Law Reports cerning the transaction gener-

Overseas explained that the have jurisdiction to decide object was to overcome whether there was or was not exchange control difficulties. a valid contract under which, it would not be required as if it existed, their jurisdiction reinsurer to pay the subsidiary before receiving payment to disputes as to whether from the parent under the what was initially a valid contract had been avoided or

second agreement.

The subsidiary had a claim under agreement X1001 Beyond that rule, the question was always one of construction. That meant that reported decisions in earlier cases were not necessarily binding unless, exceptionally, the relevant words and cir-

required to pay the subsidiary mtil it had received the
amount from the parent. It
had not received payment and
the parent was now in liquidation. It relied on the oral

The debrille case, made it

meaning of the words.
The Ashville case made it possible to view earlier The subsidiary applied for authorities in a proper per-ne action to be stayed pursu-spective and to consider the scope and effect of arbitration clauses without restric-

A broad distinction might be drawn between clauses which referred to arbitration disputes regarding rights and obligations created by the contract itself, and other clauses which showed an intention to refer some wider class of dispute.

It was also important to take account of the whole of the relevant words or

spect of this reinsurance." Disputes or differences". meant disputed claims together with any wider meaning which might be derived from the use of "differences" as well as "dis-putes". The context was a reinsurance transaction partly recorded in writing. There was no indication that

agreement X1001" and to the Court of Appeal affirmed indemnify it for losses arising out of that contract.

The clause in the contract. The clause in its context did That further agreement was therefore a retrocession to the South African parent company of the risks which the subsidiary had reinsured with Overseas.

Overseas explained that the have invisidation to decide

The second issue on the application concerned the legality of the arbitration

Overseas said the transi tion infringed South African exchange control regulations. so that it was illegal and void, and therefore unenforceable.

The burden of proof was on Oversess to satisfy the court that the agreement to arbi-trate was "null and void" within section 1(1) of the Act. It said the two reinsurance

agreements were together a device aimed at misleading South African authorities and concealing an unauthorised and fliegal payment by the parent to the subsidiary. It relied on article 8(2) of the Bretten Woods Agreement, contending that as an unau-thorised exchange contract the agreement was wholly unenforceable under English

Overseas took no account of the fact that South African regulations expressly authorised payments made by a South African reinsurer under a reinsurance treaty. The reason why the reinsurance agreements, if a device, would be successful, was that for such agreements permission was not required.

The fact that payments under the agreements might avoid the need for the subsidcontrary to its primary content of the reduce its uncontrary to its primary content of the reduce its uncontrary to its primary content of the reduce its uncontrary requirements and so might achieve the parts. The material words in the to provide further capital present contract were 'all dis-putes and differences...in they were lawful or not.

It was a lawful method of achieving a lawful result the payment of reinsuring moneys without exchange control permission, which they did not require. The contention that the reinsurance et was null and void was rejected.

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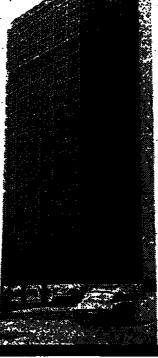
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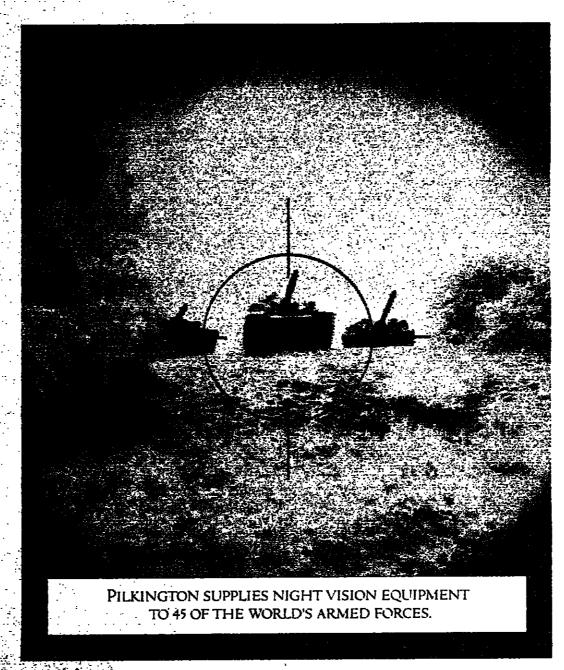
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1987-88

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IBM Credit Corporation

U.S. \$200,000,000

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NOTICE IS MEREBY GIVEN that pursuant to the provisions of the Fiscal and Paying Agency Agreement deted as of October 1, 1984 between IBM Credit Corporation (the "Campany") and The Chase Manhattan Bank (Nettonal Association) (the "Fiscal Agent"), the Company has elected to exercise its option to redeem all of the Company's Extendable Notes Due March 1, 2000 (the "Notes") pursuant to paragraph 7 of the Notes, on March 1, 1988 (the "Recemption Data") at a redemption price of 100% of the principal amount thereof (the "Recemption Price"). Date, the Redemption Price will become due and psystile on the Notes and will be pelid upon presentiation and surrender of the Notes, together with all appurtenant coupons maturing subsequent to the Redemption Date, at the psying agencies listed below On and after the fredemption Date, interest on the Notes will casse will case to Coupons which shall mature on, or shall have matured prior to, the Redemption Date, should also be presented and surrendered for redemption at any of the following paying agencies.

The Chase Manhatten Bank, N.A. R.O. Box 440 Woolgate House, Coleman Street Landon EC2P 2HD, England

er-Handels-und Frankfurter Benik

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IBM CREDIT CORPORATION

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		•			Gress	Yield	
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206	133	Ass. Brit. lad. Orderry	186	+1	8.9	4.8	7.0
		Ass. Brit. Ind. CULS	188	0	20.0	53	
41		Ameltage and Rhodes	26	+1	-	-	-
		SBB Design group (USM)	55	ã	21	3.7	8.8
188		Bardon Group	155	0	27	1.7	26.5
186		Brzy Technologies	145	+1	4,7	32	11.6
281		CCL Group Ordinary	247=1	+1	21.5	4.7	63
347	99	CCL Group 11% Conv.Pref	128	0	15.1	11.8	
171		Carboroutus Ordinary	130	0	5.4	41	11.3
104	91	Carboneston 7.5% Fref	161	0	10.7	10.6	
180		George Blair	170ml	+1	3.7	22	4.4
143		lsis Group	68	0			
104		Jackson Gross	92ml	0	3.4	3.7	10.2
790		Matthouse NV (ArestSE)	335	9	75	22	133
88	35	Record Holdings (SE)	57		2.7	4.8	11.5
115		Record Hides 10% Pref (SE)	112	0	141	126	
91		Robert Jepides	50	0			24
124	30		124505	0	55	4.4	4.9
224	67	Torday & Carllale	197	G	6.6	3.4	9.6
71	32	Trevian Holdings (USN)	63	0	2.7	4.3	6.8
131	40		60	0	28	4.7	11.0
264	115	Waiter Alexander	156	+1	5.9	38	11.6
220		W.S Yestes	223	+2	17.A	7.8	22.3
170		West Yorks, Ind. Hosp.(USM)	131	0	5.5	4.2	13.9
	_	designated (SE) and (USM) are deal	k in subject t	o the rates	and rega	iations pi	The

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APPOINTMENTS

Management reorganisation at TI Group

Following the acquisition of John Crane US, TI GROUP has created a new management structure for its worldwide mechanical seals group. Mr Mark H.J. Radcliffe has been appointed as a main board director of TI Group and as president of John Crane International. Mr Radcliffe was deputy chairman and chief executive of TI's UK-based crane operation. Mr James L. Roe, formerly director of corporate development at TI Group, has been speciment of Skill-sy formerly director of corporate development at TI Group, has been senior vice-president and commercial director at Mr James L. Roe, formerly director of corporate development at TI Group, has been senior vice-president and commercial director at Mr James W. Watson, francing the Mr James W. Watson, francing th appointed president of John Crane, Western Hemisphere Crane, western memisphere (incorporating Canada, US, Central and South America), based in Chicago. Mr George R. McLaughlin has become presi-dent, John Crane US, which includes all US sales and distribution operations. He will con-tinue as vice president, market-ing, Western Hemisphere, based At RENOLD CHAINS Mr John Watts has been appointed managing director of John Crane Europe, Middle East and Africa. He will continue to based at Slough. Mr Karl Uth has been appointed as president. John Crane Far East and Asia and

will be based in Singapore. STERLING RONCRAFT has appointed Ms Dianne Thompson as marketing director. She was general marketing man-

BAUTEIL HOLDINGS has appointed Mr Bruce Mcleod as its managing director. He was managing director of Righlast Group.

BRITANNIA REFINED MET-ALS, the wholly-owned subsid-iary of M.I.M. Holdings, has appointed Mr Giles Irwin a non-executive director. He is financial director of the F.R.

Mr Roger J. Allen has joined HANIEL TRANSPORT as direc-tor in charge of airfreight activities at Air Haniel. He was Pandair Freight's regional director for Europe, the Middle East, Africa and the Far East.

Mr R.B. Strackan has been made a non-executive director of the WARD GROUP. He was group managing director of the Hargreaves Group.

VIEWPLAN, a part of the Tri-lion Group, has appointed Mr Richard Glossop as managing director. He was managing director of IMHOF, a subsidiary of BICC.

BENTLEY ENGINEERING has bury as sales and marketing

DCE has appointed Mr Mike Badden its managing director. He comes from DCE Vokes Pty, in Sydney, Australia.

Pugh has become managing director in succession to Mr A.G. Harrison. Mr Pugh was managing director of Renold Conveyor at Burton-on-Trent.

Mr Michael Rosenberg has joined the board of SCINTRO-NIX as non-executive chairman. He was deputy chairman of United Medical Enterprises.

Mr J. Nicholas Oppenhela is to rejoin the board of KEL-LOCK, the Bank of Scotland factoring and invoice discount-ing subsidiary. Mr Oppenheim was instrumental in the fourding of Kellock in 1976 and was chairman when Bank of Scotland acquired a minority share-balding in 1981.

Let the decision by Mr D.M. Bogers to relinquish the position of managing director the decision by Mr D.M.

Mr Padraic M. Fallon has been appointed to the board of ALLIED IRISH BANKS. He is managing of Euromoney Publications and a director of Associated Newspapers Holdings.

Whits remaining charriant of the company.

**The company of Crickhowell, former wells Secretary for State, has joined the board of RYAN in TERNATIONAL. He has also been amounted non-executive.

appointed general manager of subsidiary Byan Keltecs. DEUTSCHE BANK AG London

The CHILLINGTON CORPORA- Mr Louis Tanner and his wife TION has appointed Mr Geoff- Mrs Linda Tanner have joined rey Moores its finance direc-tor. Mr Rollo Barnes has MARKETS, based in London, as



Mr W.G.E. Mills, managing director of MYTON,a member of the Taylor Woodrow Group

whilst remaining chairman of

been appointed non-executive
Mr Charles Low has been chairman of the newly-formed

branch. Mr Low joined Deutsche Bank in 1986 as director Forgemasters company, has of the Duisburg branch. He appointed Mr Chifford Webb replaces Mr Lutz Mellinger its managing director. He was who will be returning to Germany later this year.

Mr W.G.E. Mills, assistant

Paul A. Bourdon have been appointed executive directors appointed a director of all the operating subsidiaries of FIVE METON, a member of the Tayor GILT-EDGED, part of Midland OAES INVESTMENTS. Ior Woodrow Group. This follows and assurities arm of Mid-GILT-EDGED, part of Midland Montagu, the investment bank-ing and securities arm of Mid-

> PB LEASING, part of the Pitney Bowes Group, has made the fol-lowing appointments: Mr Rob-ert Chris, finance director, has been promoted to the newlycreated position of business development director. Mr David Hamilton-Smith joins the board as finance director berief having previously been finan-cial controller. Mr Don Ash-ford, internal divisional man-ager, has been appointed operations director.

> Mr Humphrey Mews has been appointed chairman's office director at MAXWELL COMMUNICATION CORPORATION from March 28. He was deputy private secretary to the Prince and Princess of Wales.

CARDIFF BAY DEVELOPMENT CORPORATION has appointed Mr Duncan Syme its commer-cial director. He has been with East Kilbride Development Corporation for the past 16 years.

Following the recent formation by BANK MEES & HOPE of a wholly-owned UK subsidiary Mees & Hope Securities Hold-ings, Mr R.E.G. Gardner has been appointed its compliance

SMITH KLINE & FRENCH LAB-ORATORIES has made the folwill be returning to Germanaging director at Scomage ORATORIES has made the following changes: Mr Stewart S. Siddail, vice president and general manager, UK and Ireland, becomes its finance director in charge of tations.

Mr Bollo Barnes has MARKETS, based in London, as include the Middle East, Africa, co-directors of the newly-created North American equity denartment. production director, is named to Mr Andrew Neilson has been appointed managing director of ABERDEEN FUND MANAGERS dent, operations. Mr Philip G. BRYAN DONKIN, a Hopkinsons has appointed the following to House, director, finance and Holdings company. He was the board of the holding group: administration, has been manufacturing and construction director of Evans and Becker Philip Henderson from Ensign vice president, finance and Lifts, a subsidiary of Otis.

Trust, the principal institu-

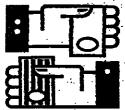
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FINANCIAL TIMES



29 Per

Commence of the second second

The crash is unlikely to destroy the new

popularity of auctions, observe David Lawson and Janice McKenzie.

although caution is the watchword after some heady times last year. In 1988, when property is likely to out-perform equities, bookings seem to support optimsm.

Respectable enthusiasts

days had passed since Black-Monday when the stock market crashed, and the crowd looked sparse when the delayed bidding got going by candlelight.

But the best property sold and the rest was soaked up within a week. It will apparently take more than a mere stock market crash to destroy the new enthusiasm that is infecting the suctions business. Strangers had swarmed into sales rooms during the heady days of 1987. Doctors and MPs jostled with Asian traders for good positions in the front row;

bids flying in from fund manag-ers and other big investors. And prospects for this year seem surprisingly good, if the amount of property being booked for auction is anything to go by, although the hardened professionals are preaching

developers found themselves

looking over their shoulders for

whatever the mood, selling by anction will resp the benefit of a new respectability gained in the last few years. It is no longer the damping ground for property with structural problems or too poorly located to so firmly fixed in the public

WHEN THE lights failed at a central London anction a few months ago, it seemed like an omen that dark days were back in the sales rooms. Only three dealer "rings" and anctioneers taking failing hids ancioneers suspicions of rigged prices, dealer "rings" and suctioneers taking fictitions bids "off the wall" to inflate prices artifi-

The auction in 1987 was as likely to be the first stop for a seller as a last resort. Investors took advantage of the roaring bull market in property to grab top prices for the bits and pieces they no longer wanted. And selling at auction saved all the hasale of long, drawn out

land, and owner occupiers And the auction house is proba-caught on to the idea of picking bly the best place anyway for rolling in for batches of redun-dant exchanges in anything from huts on Scottish islands to an old church.



CONTENTS

Shops Industrial property

Plant and machinery 1 Itustration: Ellis Nadier

extraordinary case of a Wool-worth store with a reserve of £30,000 not getting one bid," he says. But it sold later, and he was not sure how much of the bidders' reticence was the result of the crash and how much of waiting around for the candles to be lit.

A more pessimistic view came from Mr. Benjamin Tohin of important factors: the fact that success breeds success. As long as confidence in auction sales runs high, it brings in even

more business.

But a few of the old shadows may still have to be fully dispersed before that confidence is universal. Suspicions about "off the wall" bidding remain close A more pessimistic view came from Mr Benjamin Tobin, of Strettons, who saw the market becoming jittery towards the end of 1987.

"Yields for good shop investments have fallen and show every sign of continuing to fall," he said. "A shop in a local parade in Chadwell Heath the wall" bidding remain close to the surface, shown when the Office of Fair Trading was called in after a trading standards officer had challenged an auction held for Millrain Property at Southend last July. "The room was full of sellers," said Mr Ron Parrish, of auctioneers Folkard & Hayward, afterwards. "There were no genuine

fall, he said. "A shop in a local parade in Chadwell Heath, Essex, let to Dewhurst, sold in our October auction for a yield of 4.12 per cent. But there is every indication that dealers are nervous, although less sophisticated purchasers – particularly these buring for corrections." wards. "There were no genuine bids except on the properties which sold. Millrain said there had been a complaint from someone in the room that the auctioneer had been taking bids off the wall. It shows that peoticularly those buying for occu-pation - seem to have no ple do complain, although it is qualms about offering higher in the general conditions of sale that we can bid on behalf of the Coution is obviously the

seller."
Mr Parrish had no case to byword this early in the year from most auctioneers. But answer, but said that one day the OFT was going to take such many of the factors which should hold up the wider property investment market can be used in favour of auctions. a complaint further.

The problem seems to lie in the interpretation of the condi-

used in favour of auctions.

The evidence since Black
Monday suggests that demand
for real estate investment has
been fortified by a number of
factors," says Mr Peter Winfield, senior partner of Healey
& Baker and chairman of the
London Auction Mart.

Departure is likely to out pertions of sale, which allow auctioners to bid for the seller - in other words, take them "off the wall" - but not to make consecutive bids. The London Auction Mart has

quietly produced guidance notes, but these involve a very small, albeit powerful, number of the UK's agents which use the Connaught Rooms in Great Queen Street. And some of Property is likely to out-per-form equities for the first time in five years. This should par-ticularly draw in financial institutions that have allowed the proportion of their investment these firms are drifting away to find their own sales rooms, so portfolios devoted to property to fall below 10 per cent. the rules are applying to even fewer auctions

Meanwhile, the private buyer who deserted property for equities has suddenly found that the illiquidity argument usually used against property applies equally to stocks and shares have the OFT coming in with guns blazing. Things have gone quiet lately

when market makers are unavailable, that offer and bid which may be the result of good practice. But auctioneers will margins are too wide, and that buying is restricted. Bookings for 1988 seem to have to keep a close watch that financial success does not Bookings for 1988 seem to financial success does not back up the optimistic view. Edward Erdman's catalogues One well publicised slip up are full until April, according to Mr John Townsend, confirming his feelings when his last two 1987 auctions left only a couple of unsold lots.

"Prices generated for the majority of lots make us feel the uncertainties of the equity market may have crystallised grow in size and number. Nor

market may have crystallised the minds of alert purchasers to the greater attention the instigrow in size and number. Nor will the South East take all the jam. Sales are starting up in tutional sector may pay to the Nottingham, Manchester, Birsolid performance of property," mingham and Liverpool to give he says.
Perhaps Mr Richard Pryce, provincial buyers a chance, and to save sellers having to send Healey & Baker's auctioneer, all their material down to Lon-locked on to one of the most don.

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Almost every house and piece of land was snapped up at auctions across the UK last year

Owner occupiers brave the sale rooms

turbed the surface of unchang-ing banter at a typical Eastenders pub last year, when the semi-derelict house nearby sud-denly sprouted a big red sign. Some pin-suited outsider had obviously made a gross error in offering the mouldering pile for

sale at auction.
Sweepstakes were hastily concocted to guess the price in pence, and the landlord decided to go along to offer to take it on as a store for empty bottles. He came back chastened enough to silk purses.

and squabbles broke out when the woman who had been allo-cated a guess of \$500 claimed her prize. She was closest to the sale price but still £35,000

astray.
This was one small reflection of a year when almost every house and piece of land was snapped up at auctions across the UK. Inner city houses were in particular demand as yuppies and builders fought for the chance to turn sow's ears into silk mures.

Five years ago an owner leading auctioneer in Kent, slowed in the South-east at the occupier was a rare sight in an taken over by the Prudential, end of 1987, in line with the auction room. Today they are more courageous, helped by essier finance and quick mortgage decisions to snap up unimproved houses from under the noses of builders as a way into areas they could not otherwise

It helps, of course, to have financial groups buying chains of agents that feed into their auction divisions houses that have been sticking on the market. For instance, Wards, a

JACQUELINE Murphy is the third generation of her family

In December, when she took the rostrum for the first time at

the London Auction Mart, watched by her father, Clifford

Murphy, an auctioneer for more than 30 years, she used an ivory gavel that had been pres-ented to her grandfather.

Jacqueline, who is 26, started her training with her father's

firm, Hillyers, before joining Folkard & Hayward's auction

come a property auction-

In her family's tradition

and \$15m raised from some 300 lots last year.

The general surge in house prices has been reflected in auction results, but the two-floor, unimproved houses favoured by owner occupiers in central London soured even further riging 35 mer cent in 1097.

central London soared even fur-ther, rising 35 per cent in 1987, says Robin Cripp, of auction-eers Barnard Marcus. Bigger houses tend to be the preserve of the builder who can afford to put down an immedi-ate 10 per cent and find a com-mercial loan to do a break-up into flats. Runaway price inflainto flats. Runaway price infla-tion in buildings without plan-ning permission for conversion, however, seems likely to mod-ify this year as some caution filters down from the stock

taken over by the Prudential, has seen business boom, with crowds of up to 1,000 at sales

market problems. The crash seems to have had little general impact so far, other than to cause a rush of overpriced investment property on to the market in December But the good stuff is still sell-ing, says Mr Cripp. Investors are jostling for tenanted property just as energetically, per-haps reflecting that bricks and mortar are a safer bet than

overall housing picture. But all other regions except Lancashire recorded gains, according to Bob Senn of Property Auction Guide, which tracks sales

across the country.

Demand for building land has shown no tail-off, says Richard Auterac, of Jones Lang Wootton, which celebrated another profitable year, helping British Rail to dispose of unwanted acres. The average price for developable land in nine sites auctioned for BR last year reached £688,000 per acre, a 75 per cent increase in three years

But this pales beside the £1m an acre that a national house-builder paid for the developable land on old sidings in Ealing, west London, in what JLW believes to be a British record for a single auction lot.

Even in less salubrious areas. builders are willing to bet on a bright future for house prices, judging by the \$5.45m paid for 13 acres in New Cross Gate. south-east London, where 90 per cent of homes are in council

ownership.

Building land is commonly

because of the difficulty of valuing in a rising market. Builders seem to like Price rises for vacant houses the practice because it save

Retail property

them being pipped by the odd-few thousand pounds in tenders, when they might have been willing to cough up even more than they offered. Large country homes are

becoming another saleroom favourite as London's nouveon riche swarm out to make a non-sense of ordinary valuations. Robin Thomas, of Strutt & Par-ker, points to one cottage near Exeter that was given a guide price of \$120,000 by Strutt's and by Michelmore Hughes of \$110,000 to \$120,000 because of the substantial improve-ments needed. It went for an extra \$30,000 after fierce bid-

ding in a packed room.

If any real harm from the City crash is set to ripple outwards it will be in this refined. market, where buyers have to be well-heeled to put down a big deposit when the hammer falls. If some sales have been disappointing, the litters have certainly not shown up on auc-

Simon Gardiner, of Young and White, in Hampshire, says properties are already coming in for sales over the next three months, and 1988 may match last year's boom. The same pic-ture comes from areas as diverse as Bristol and Newcas-

Industrial property

New order is beneficial

now selling well at suction, and in some cases showing yields of less than 10 per cent.

In July last year, Healey & Baker offered 15 properties from the industrial sector from a catalogue of 34, selling 10 of them. This confirmed their own assertions that the industrial market is on the up and up. market is on the up and up.

Single-figure yields were seen at the sale, with two units on the Avonmouth Industrial Estate in Bristol selling for £601,000. They are let at £58,950 pa, z yield of 9.8 per

Vacant industrials also found buyers at the same auction, with a vacant 22,285-sq ft factory in Lester Road, Little Hulton, Manchester, being knocked down at £175,000.

The new Use Classes Order has had a beneficial effect on has lad a beneficial effect on the prices achieved at auction for light industrial properties. Under the new order, class B1 covers both light industrial and industrial property can be con-verted to offices with commensurate potential for rental

At Hirshfields' June sale, this was illustrated by the knocking down of 145-149 Vauxhall Street, London SEII. The 7,720-sq ft lot produces £28,250 pa and sold for £313,000, a yield of 9 per cent. At the same sale a vacant, 58,300-sq ft warehouse and office block on Motherwell Way, West Thurrock, Essex, was knocked down at £511,000. Jones Lang Wootton was the first major firm to break into the industrial anctions sector and has found considerable sucfirst major firm to break into the industrial anctions sector and has found considerable success selling such lots. In recent months, it has been concentrated after the October crash, but leave in seed to be selling such lots.

INDUSTRIAL PROPERTY is land for the British Rail Property Board.

That said, in October last year the firm sold The Manton Centre, a 19-unit industrial estate in Bradford, for \$2.3m, the highest price of the sale. It was part of a Unilever Superan-nuation Fund portfolio of 11

lots.
In October 1986, JLW offered three major industrial buildings, all of which sold with one going for a yield of only 7.9 per cent. A warehouse/showroom on the Weydown Industrial Estate, Haslemere, Surrey, let to Jewson at £11,200 pa, was knocked down at £141,000.
Alsop & Co also found 1986 a good year for industrials. At

Allsop & Co also found 1986
a good year for industrials. At
their July sale in that year, an
11,270-sq ft warehouse/officebuilding fronting Lancaster
Gardens, Finchley, London
N2,producing £35,000 pa, sold
for £285,000, a yield of 12 per
cent; while unit 17 at Blenheim
Road, Longmead Industrial
Estate, Epsom, Surrey, sold for
§ 2360,000 to show a yield of
just over 10 per cent. The latter
property's fortunes were aided

industrial property can be conindustrial property can be conproperty's fortunes were aided
by an imminent rent review.

Commenting on the industrial
auction market at the time, lan
At Hirshfields' June sale, this

Flanagan Rillier Parker's industrial partner, said: "Our own view is that the auction method view is that the suction method is well within the sphere of tertiary investments in the industrial and warehouse markets, because of the high yields being offered. Nobody has ever put together an entirely industrial catalogue, but the present climater will be a present climater. mate will encourage an entirely industrial catalogue not appealing to the institutions, pension

Janice McKenzie

A common occurrence at auc-

Useful for disposals SHOPS are traditionally the July sale, they offered four store produces £275,000 ps., a most popular auction lot. About lots, three of which sold, two yield of 7.5 per cent. The lease three years ago, the average prior and one in the room.

three years ago, the average yield on a shop unit stood at around 10 per cent. Now, it is possible to sell prime shops at auction for yields as low as 3

Unbroken shopping parades are always in much demand. Healey & Baker's July 1987 sale saw a parade of shops at 25-49a Victoria Road, Ruislip Manor, Middlesex, sell for

unwanted assets. Last Novemment storage. The entire lot is ber, Edward Erdman sold six let to Merc Leisure at \$44,500 shop investments on behalf of pa and sold for £1.495m, a the multiple, realising a total of yield of 3 per cent.

saveraged 8.12 per cent. The resulting in prime yields. At 60 most valuable lot of the sale Station Road, Hayes, Middlesex, was 612-614a Lea Bridge Road, a shop producing \$6.500 pa Leyton, east London, which was knocked down at £651,000. The 15,563 sq ft unit produces £54,000 pa, with a review in

out last year was Haslemere, the group known for its tasteful refurbishments, which was taken over by the Dutch group British Home Stores in Cheap-Rodamco at the beginning of side, Barnsley, which was 1986. At Jones Lang Wootton's knocked down at \$3.66m. The

The lot sold in the room was 8-11 Montpelier Arcade, Chel-tenham, Gloucestershire, two shops on basement and ground floors with two floors of offices above. The property is listed, produces \$33,950 pa and sold for £369,000, a yield of 9.2 per cent. Joint auctioneers were G H Bayley & Sons.

Manor, Middlesex, sell for \$1.775m. Subject to reviews and reversions, the income from the lot was \$81,050 per annum, a yield of 4.6 per cent.

Some companies, including F
W Woolworth, have used the auction method to dispose of unwanted assets. Last Novemment storage. The entire lot is

\$2.37m. Allsop & Co noted "phenome-rand lease-back basis, and yield-and lease-back basis, and yield-and lease-back basis, and yield-ments at their June 1987 sale, a shop producing \$6,500 pa was knocked down at £121,000, a yield of 5.4 per cent; while 34 High Street, Ruislip, Middlesex — producing \$7,000 pa — sold for £141,000, a return of 5 per

tion is seeing the same lot come up on a number of different occasions. According to Proper-tyIntelligence: "For example, 17ing its energies on selling large blocks of residential building Market Place, in Borslem Staf-fordshire, was sold by J Trevor & Sons and Horne & Sons at auction early in 1987 at \$20,000, and then resold by Harman Healy & Co in September at \$40,000. A shop property in Uxbridge Road, London W7, sold for \$89,500 at the end of 1986 and was resold by Bar

nard Marcus in October to show a 45 per cent gain over only hardly to cover the cost of fin-ancing, however, and some are at a loss, although doubtless many of the most successful

nard Marcus a year later for £142,000; another in Whiston,

Merseyside, was resold by Bar-

Janice McKenzie

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Office property

Exceptions to a rule

THE AUCTION market has not, traditionally, been a good one for an income of £18 per annum, a yield of 0.0003%. The tenant is the London Borough of Barnet, and there is a rever-sion on the property in about

down two office blocks, both

traditionally, been a good one for offices. The exceptions to this are those properties which have a "blue chip" covenant, for example being occupied by the Department of the Environment or by the local authority.

In July last year, Allsop & Co sold 1 Friern Park, North Finchley, London N12, for \$£3,500 to \$£18 per of \$£23,450 pa. The block

down two unice block, well into seven figures. Station there is more confidence in there is more confidence in the important of the important of the important of the important of the Environment of th improved dramatically, and

of \$223,450 pa. The block totals 58,745 sq ft.

, Small office investments also proved popular at the same kingston House, Bond Street, sale, with two small blocks in Huli, sold for \$1.425m, well 20 years' time.

Swindon, realising good prices. above the expected reaslisaThe exception that proves the
Two years ago the demand for eers. The auction method has been

used as a marketing tool for the sale of office buildings. In October 1984, Jones Lang Wootton offered two, then new, office blocks with vacant possession, both in west London and both being sold by a subsidary of

One property was withdrawn prior, and the other withdrawn in the room_at \$1.9m. JLW's Christopher Drury said: "As a tree-shaking exercise, it worked a treat. A lot of people came to see the Ealing property, and it attracted a tremendous amount of attracted." of attention."

By and large, though, office properties are not popular lots at auction. Janice McKenzie Auction Correspondent Chartered Surveyor Weekly

Another firm to have a clear out last year was Haslemere,

Liverpool

2nd February

Widnes

9th February

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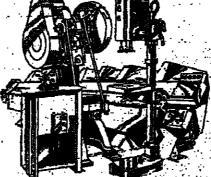
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Leisure property

Lost Empires prove to be a goldmine

IN THE herday of Edwardian music hall, the Empire Theatre in York beasted a drawing power strong enough to attract star material like a young Char-ite Chaplin and Abbot and Costello. But by last year it drew only spathetic looks as the owners touted it around the market for two years in a fruitless hunt for someone willing to-take on the fading anachro-

At the other end of the counas the electric can of the control the Brighton Hippochume reveiled in the admiration of hingo time, but was hardly a magnet for potential investors. Yet two strokes of the hammer at an auction last year brought out chese to £1.4m from bidden scrambling to take control of these forgotten prop-

erty susets.
Sinor Higgall, of Courad litt-blat, first realised he had stom-bled on a goldmine when he took on more than 30 old cine-mas and bingo halls which the Cannon Group wanted to sell liest year.

rnaily such property is sold by one company to another, but we decided to group them into an auction, he says. The gamble paid off: not only were the buildings all sold, but the prices startled even the most hardened spatien experts. Obviously there was an untapped pool of investors, tenants and developers eager to to show that someone with get hold of these unusual lei-courage could have made a real sure properties. So Riggall Miling by putting their hand up

timpire and a mixed bag of holi-day parks, hingo halls and even a whole village harbour area in the West Country.

The reaction was even more

sion of the leisure property market. "Remember that suc-

tions are just a small part of the business. Hotel and bingo hall chains are sold privately for far bigger amounts all the

"But we were able to widen

the number of people who go the chance to see some of the

the chance to see some of the individual properties that would normally reach a limited market. Eight thousand brochures went out with the York Empire inside, and the psychological spur that if someone was interested and did not get their skates on, they could miss out when the hammer fell in a few weeks."

Now that Ritblats has got into its stride, Mr Riggall is

building up for another sale next month. And he feels it

may not be long before auctions start to attract prime invest

ments, rather than the sort of

property difficult to pigeon-

His argument is the same a

for other branches of property: why offer an hotel or holiday park to just half-a-dozen poten-

tial buyers when you can appeal to a packed auction

It sounds persuasive, but could run into the contrary

Hughes. He says that, in the

last five years, they have sold about 20 miles of fishing rights

on 10 different rivers in Devor

alone, and a couple of months

ago raised a record \$51,000 at

suction for 300 yards of the

Leisure is a growing market at both ends of the spectrum. And auctions seem likely to increase in number and size as

increase in number and size as long as we have more time to kill and money to do the killing.

The landmark Biltmore Theatre, in Times Square, New York, will be auctioned next month by Goddard & Smith, which has pioneered these sales in the US city through its joint-venture company Properties at Auction. The theatre is at the heart of a redevelopment area, and carries the bonus of some

and carries the bonus of some 130,000 sq ft of air rights (overhead space), which could be sold on to develop space on

David Lawson

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It will include the following:

River Teign.

startling, bringing the total raised from two sales to about \$20m. A new sector of business had been born, and Mr Riggail was learning that buyers were looking for a lot more than sim-

ple bargains.

"This second group were not the the investments offered by Canson. Many were going concerns, file holiday camps, with all the associated problems of with any experience and excels." staff and pensions and stock." That did not make them the less desirable. One camp in the Isle of Wight had not been on the market before it was drawn into the net. It sold before the suction was held, was left in the sale and resold (at a profit) for £285,000, and then sold again for another profit shortly afterwards.

Charlestown Rutate, the heart of the old harbour in St Austell, conviced the hammer for some mysterious reason when Stratton & Holborow and Conrad Rithlat offered it for sale. Mysterious, because it had attracted a hoard of foreign as

well as home bidders. But it was grabbed for \$2.6m immediately afterwards and then resold at a profit to BOM within weeks. Which just goes to show that someone with

question: if prime property can be sold easily, why resort to auctions and face the stigma of not reaching a reserve price? quickly organised another anc- at the auction.

tion, including things like the Mr Riggali has a simple expis-A different vein of sales, such as shooting and fishing rights, has been worked for years by agents like Robin Thomas, at Strutt & Parker Michelmore

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Dealers are important, despite the growth of auction houses, says Antony Thorncroft

Catalogue law may assist major firms

have become the predominant channel for the buying and sell-

Thanks to clever marketing, and a well oiled publicity and a well olled publicity machine, the most expensive paintings, items of furniture, books, jewels, etc, change hands under the glare of the television cameras at Sotheby's or Christie's for seven (and now even eight) figure sums.

Twenty years ago, Sotheby's and Christie's had annual turnovers of around \$20m. In the last season Sotheby's sold goods world wide valued at \$837m, and Christie's at \$581m.

Much of this growth has been at the expense of established antique dealers, who are both the main buyers and principal seliers at the auctions. But dealers are still important, and in certain fields, such as silver and furniture, act as the main suppliers to the general public. Dealers handle many major transactions but have neither the shillty nor sometimes the will to publicise their role. Even so, they have had to accept the paramount position of the suction houses

A tremendous gap has opened

SOME OF the most powerful

images of the recession-hit early 1980s were overseas industrialists crowding into

redundant UK factories and

warehouses to snap up machin-ery at rock-bottom prices. But the days of bargain basement sales have disappeared as the tide of bankruptcy and closures has receded

Domestic demand is so hefty that dealers sold most of their

stocks last year and found it hard to replace, says Nick Scho-field of leading auctioneers Henry Butcher. Higher prices handly make it worth absorber

hardly make it worth shipping container loads across the

world, particularly since the pound began to climb.

Receiverships are running at about a quarter of their former

rate, says Andrew Nagle, of Fuller Peiser. But rationalisa-tion and the increasing pace of

has receded.

Sotheby's and Christie's and the other salerooms. The Big Two operate on a global scale, logue entries may become very and New York is as important a general and unilluminating, market, at least for Sotheby's, leaving it to the majors, with as London. Last November their numerous experts, to be Sotheby's sold one lot, a Van specific in their attributions. market, at least for Sotheby's, as London. Last November Sotheby's sold one lot, a Van Gogh painting of Irises, in New York for £30m, a much greater sum than the annual turnover of any anction house in the UK, apart from Christie's and Phillips, which had sales in

Phillips attempts to compete with its larger rivals by operat-ing in New York and on the continent, but its main distinction is its string of provincial auction houses in the UK. In the last decade it has bought up many regional auction houses many regional auction houses and now operates 19 UK sale-rooms. Most of these have a weekly general sale and regular specialist auctions.

The gap between the major anction houses and the small local operations could widen even more dramatically following a recent legal case in the west country. An anction house was successfully prosecuted under the Trade Descriptions Act after it had miscatalogued

eers who cannot afford large specialist teams. Their cata-The result could be bargains for the well informed collector, but even more business ending up

agents. Anything really big they will pass on to Sotheby's, Christie's or Phillips, and share in the commission.

lingshurst, the south.

lot. Christie's operates in Scot-This could cause an outbreak land, but relies on local offices

There are still a few fairly substantial independents, such as Lawrence at Crewkerne and Bearnes at Torquay, but in the main the local auctioneer is likely to be the fine art department of a substantial estate

The first two have steadily increased the value of the minimum lot they will handle in their main Mayfair salerooms, and although Sotheby's holds a monthly "furnishings" auction in the evening at Conduit Street, W1, its involvement with antiques valued at under \$500 is confined to its two principal outposts - Chester, which looks after the north, and Bil-

to feed goods to its centre. It also has its South Kensington suction house, which has sales of around £40m annually. Bonhams is the other major London saleroom. It has recently spent lavishly on refurbishment, Like Phillips

and Christie's South Kensing-ton, it goes for the middle and chesper priced antiques, selling as much to private buyers as to Auction houses are more conerned with attracting items for sale than bringing in prospective buyers: they will follow on naturally. Dealers are trained

to sift out unconsidered treasures at every sale in the colin-try, although prices tend to rise the closer you get to London.

Even the top salerooms can make mistakes. Sotheby's had a bad week in December, when a painting by Del Piombo it had miscatalogued at Chester in the summer, where it made under \$200 sold at Christic's for over summer, where it made under \$200, sold at Christie's for over \$300,000; while another that it had valued at around \$400 turned out to be by Annibale Carracci and sold for \$847,000 at Phillips. But during the year there will be enough wrongly attributed items at every auction house to keep the more

tion house to keep the more

knowledgeable dealers and pri-

the vendor a reduction in their usual 10 per cent commission, looking towards the 10 per cent premium they get from the buyer to secure their profit. But they will only negotiate on costly antiques.

In a way, it is an odd situation: their main loyalty is to the seller, because they want the highest possible price; but it is always the buyer who has to pay the full 10 per cent commission. But then the auction houses have been a law to themselves for decades, and will only negotiate on themselves for decades, and

for goods, especially for valuable goods. To secure an impor-tant collection, they will offer

attempts to regulate their activities, introducing more openness, have invariably failed. There is less law affecting their trading activities. The introduction of a buyer's premium, on top of the traditional seller's commission, has greatly improved the profitabil-

ity of auction houses, and in recent years there have been some new openings. Last autumn Roseberys, started by two former Sotheby's employees, began monthly evening sales in Islington; and ground the country the years of decline

Plant and machinery

Start-ups lift prices

Plant and machinery auctions 471 389 408 754 101 119

A Rochdale business was so desperate for plastics machin-ery that it turned the pattern of the early 1980s on its head, flying to a Henry Butcher auction in Malaysia to outbid Japanese, Korean and Hong Kong buyers for unused modern injection

Today's sales are dominated by British and continental buyers, and companies are less likely to be closing works wholesale than clearing the bits and pieces left from buy-outs and takeovers. moulding equipment.

That is not to say that older equipment is being ignored if it can fill a niche for smaller buyers. Machines such as 20-yearold canstan and turret lathes. which were once hard to move at a few hundred pounds, swept to heights of £2,000 to

tion and the increasing pace of change throw up work to replace the bankruptcles.

Not everything sells antomatically, however. Quality modern precision machinery fetched a premium from larger British companies, but they would not touch older high production equipment at any price, according to Mr Schofield. \$3,000 each in 1967. Substantial price rises fuelled by the increase in business start-ups were not limited to machinery but spread to hand tools and office equipment, with bidders paying almost the new price for many articles.

All this business edged the number of auction sales upwards to 414 last year, according to Barry Watkins of of business lost the stigma of association with bankruptcy, advertising of plant and machinery auctions increased by 40 per cent last year, he

But sellers are still careful to make it clear in every advert that they are not closing," says Mr Nagle. That sort of worry would not affect British Rail, which unloaded more than 3,000 lots from the 150-are engineering works at Swinden engineering works at Swindon last year. This was meat and

drink to John Law, the Worcestershire-based specialist which handled the sale. The company is looking forward to another 2,000 lots of surplus Vickers Defence Equipment machine tools and rolling

stock in its sale planned for Law calls itself a "one stop" auction house, because it also offers to underwrite the value

Some specialists go even fur-ther, cutting out the sales pitch

and offering to take equipment in bulk before it can get to the sales floor. Many sellers prefer the option of a guaranteed price immediately for a job lot, rather than the gamble of an auction and then having to meet the expenses and compile. meet the expenses and commission fees, says James Wooster, of London-based Machine Tools We can afford to do this.

because we take a long term view and hold on to machinery until we can trade it on," he says. A couple of pieces bought in a job lot at the equivalent of auction prices will eventually turn in enough profit to cover the whole expense. He does not the whole expense. He does not go to auctions for stock, because it is not worth bidding against dealers for "bits and of goods and arrange every- because it is not worth bidding thing from valuation, preparation and selling, whether via ordinary purchase, joint ven-

according to the auctioners.

If dealers are a worry to auctioneers, they do not show it, pointing instead to the sheer through. Fuller Peiser says its calculations of national are swollen even further if they take in British Car Auctions and Central Motor Auctions. which hold more than 500 sales

one more would not be missed.

sales, says Mr Watkins. He makes a conservative estimate of total sales in the UK at close to 2,000 a year. This fig-ure may fall back in the first half of 1988, but receiverships could be on the rise again towards the end of the year, boosting the machinery end of

a year. At least 30 firms also advertise regular collective

The question is whether auctioneers can keep making their case more strongly than dealers such as Mr Wooster. But even if they cannot, there will be less to sell to an insatiable market and prices must inevitably keen

David Lawson

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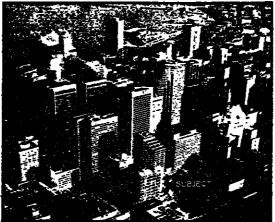
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Week

Arts

Exhibitions

LONDON

Tate Gallery. Turner in the new Clore Gallery. The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. The vulgar neodeco of the entrance hall has little to recommend it. But eight rooms for paintings and one for water-colours give room enough, and with the three reserve galleries upstairs, every painting but the form in responsion or on land is on

barbaran. From New York, an exhibition of 72 paintings retraces the artistic development of one of the great masters of the Spanish Golden Age. Influenced at first by Caravaggio schiaroscuro technique, Francisco Zurbaran progressively abandous the strongly-contrasted rich colours for a softer malette with near monecontrasted rich colours for a softer palette with near monochromes. Reversing the perspective, using geometrical composition settings and shedding everything superfluous, the mystical painter of the counter-reformation seems to be a precursor of Cuhism. Grand Palets. (42560924).

Chism. Grant Passa. (42000324). Easts April 11. Jamee des Arts Decoratifs. More than a thousand wooden toys from as far afield as Greenland, Mexico and Russia carved by 18th century woodcutters or modern designers recreate the enchanted childhood world of villages dolls. century woodcutters or movern designers recreate the enchanted childhood world of villages, dolls, horses and trains. 107 Rue de Rivoil (42603214). Ends Feb 14. Grand Palais. Treasures of the Celtic Princes. Prestigious archeological finds from what is, nowadays, France, Germany and Austria, bear witness to a luxury-loving civilisation which flourished in the Celtic universe. (42560924). Ends Feb 15.

Musée Pleasso. To celebrate the

(42560924). Ends Feb 15.

fusée Picasso. To celebrate the loan by New York's Museum of Modern Art of Les Demoiselles d'Avignon and to help explain its genesis and meaning, 20 preparatory paintings and more than 40 drawings have been grouped around it for the first time. With 700 images contained in 15 sketch books, they complete the overall picture of the artist's creative process. In an adjacent room a picture of the artists creative process. In an adjacent room a visionary Greco, Cezanne's Bath-ers, an iberian head and primitive objects from Africa reconstitute the artistic climate in which icasso conceived and executed me of the fundamental works of

WEST GERMANY

eh, Villa Stuck. Pabio Pic around 300 paintings, drawings, graphic art prints from the art-ist's complete artistic range, span-ning cubism, classicism, and surre-alism, as well as Picasso's later

work. Frinzregeneeser 1. Ends Feb 28.
Stattgart, Galerie der Stadt. Max Ackermann (1887-1975). The 100th anniversary of his birth commemorated by a comprehensive retrospective with 80 pictures from the main periods of his life. Schossplatz 2. Ends Feb 21. Tabingen, Kunsthalle. Andy Warhol.—Cars. The last unfinished pictures of Andy Warhol, commissioned by Daimler Benz, on the 100th anniversary of its foundation, are to be seen in Tübingen for the first time. The US pop artist, who died last year, completed 12 paintings and 35 pictures. Philosophenweg 76. (Ends March 13).

ITALY

come, Palanzo dei Conservatori Campidoglia. Hidden Treasure: The Imperial Silver Collection From Kaiserangst. An extraordi-narily fine collection of silver tableware dating from 350 AD, hastily buried by two Roman gen-erals, Marcelliano and Romulo, erais, marcelland and somile, when the Castrum Rauracense (the site of the modern village of Kaiseraugst) on the northern perimeter of the troubled Roman Empire was threstened with barthe foundations of a school. 254 pieces — weighing 37kg of 97 per cent pure silver, reckoned to correspond in value to one year's pay for 140 Roman soldiers. There are delicately-curved, long-handled spoons, some silver beakers (glass was aiready more fashionable), serving dishes — one splendid octatomal one decorated with a

WASHINGTON

iational Gallery. A centenary ret-respective of Georgia O'Keeffe includes 115 oil paintings and drawings, among them rarely seen examples from her familiar New Morico lundecana, experie florance

CHICAGO

TOKYO

Jean Museum. Japanese swords and fittings. Objects of beauty aswell as instruments of death, these swords are elegant in shape, line, texture and design. The exhibition features 60 items from the museum's collection. Afterwards, take a stroll in the densely twooded garden, lovely at all times of the year, and forget you are in the heart of the metropolis. (400 2536). Ends Feb 7.

Theatre

LONDON

The Phantom of the Opera (Her Majesty's). Speciacular emotionally nourishing new musical by Audrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera embience designed by Maria Bjornson. Dave Willetts has succeeded Michael Crawford as the Phantom. (839 2244, CC379 6131/240 7200). Pollies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque remion in a doomed theatre. Four new sonth improved hock her

on the Stock Exchange. Not and livid, but new cast deemed less good. (836 3028, CC 379 6585).

Small Family Bushness (Olivier). Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it amultaneously in the family. A comedy thriller on the large scale. (928 2382).

eath Pacific (Prince of Wales).

wash the baritonal Emile Belcourt out of her hair.
Shirley Valentine (Vaudeville).
Panline Collins in fine and funny monodrama by Willy Bussell of liberation for a Liverpool housewife on Corfn. Shades of Ibsen's Nora and Beckett's Winnie, with jokes. (886 9987, CC 878 4444)
A View from the Bridge (Akdwych).
Michael Gamhon as Arthur Milder Bridge (Akdwych). Michael Gambon as Arthur Mil-er's Eddie Carbone gives one of the greatest performances of recent years. Alan Ayckbourn's supple National Theatre produc-tion camoullages the play's flawa. Rads Feb 20 (836 6404, CC 378 8993)

Wholly Healthy Glasgow (Royal Court). Scabrously Junny new

LONDON

Philharmonia Orchestra conducted by Norman del Mar with Robert Cohen, cello. Mozart, Hayda and Tchaikovsky. Barbican Hall (Wed) (638 8891). London Symphony Orchestra con-ducted by Jeffrey Tate with John Graham Hall, tenor and Hugh Seenan, horn. Delins, Britten and Elgar. Barbican Hall (Thur).

Jean-Pierre Rampal, flute, accom-panied by harpsichord and piano:

conducted by Marck Janowski, with Siegfried Jerusalem, Theo Adam and The Radio France

Parsifal (1 ur.) (42 83 44 44).
Sneamble Vocal Jean-Pierre Lore sing Durufle's Requiem, Motets and Galard's Magnificat (Tue).

(42 30 15 16).
Prehestre de Paris conducted by
Pierre-Michel Durand, Heiene Grimaud, piano: Berlioz, Lisat, Bartok
(Thur). Salle Pleyel (45 63 88 73).
Iouvel Orchestre Philharmonique
conducted by Marek Janowski,
Ann Murray, mezzo-soprano:
Schubert, Webern, Berg (Thur).
TMP-Chatelet. (42 33 44 44).

ITALY

ome, Anditorium in via Della Con-cilizzione. Yoav Talmi conducta Brahms with violinist Uto Ughi: Mendelscohn and Gervasio (Mon

Music

play by Ian Heigile, structurally similar to David Mamer's Ameri-can Buffalo, but set in a back-alley Glaswegian health clab. No simmi-

NEW YORK

Femers (46th Street), August Wilson hit a home run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old issebell player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221-1211).

Eath (Winter Garden). Still a sellout, Trevor Num's production of T.S. Ellot's 'children's poetry set to trendy music is visually starting and choreographically feline, but classic only in the sense of a rather staid and over-blown leas of thestricality. (239 6262).

Each Street (Majestic). An immodest celebration of the heyday of Broadway, in the 1930s incorporates gens from the original film, like Shuffle Off To Buffalo, with the appropriately break and leggy boording by a large affects.

Central Park benches who bicker uprogricusly about life past, present and future, with a funny plot to match. (238 6200).

Se Miserables (Broadway). Led by Goim Wilkinson repeating his west End role as Jean Valjean, the magnificent spectacle of Victor Higgs's majestic sweep of history and pathos brings to Broadway leaves in redeserter and drame if

lessons in pageantry and drams, if not strict adherence to its original source. (239 6200). Those who saw the original at the

ome, Orstorio del Gonfalone. Gonfalone Chamber Orchestra with soloist trumpeter Antonio

with source trumpeter Amonto-Ruggeri playing Albinoni, Tele-mann and Torell (Thur), (Via del Goufalone 32A) (68 75 952). Florence, Teatro Comunale. Soprano Maria Weing singing Mon-art, Schubert, Brahms, Wolf, Bayel and Debussy, accompanied.

szno, zma, Testro Regio. Meszosoprano Christa Ludwig (Mon) (79 56 78).

NETHERLANDS

Amsterdam, Concertgebouw. Recital Hall, The Archipel Trio: Albrechtsberger, Bach, Berlo, Van Noord, Rossini (Tue). Then van

Victoria in London will barely recognise its American incarna-tion: the akaters do not have to & round the whole theatre but dr round the whole thestre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop

the plot turns on fronte mimicry of Pygmaion, this is no classic, with forgettable sough and dated lead-esmess in a stage full of charac-ters. But it has proved to be a durable Broadway hit with its marvellous lead role for an aglic, engaging and deft actor prefera-bly British. (947 0033).

WASHINGTON

Enrico IV (Arena). Pirandello's mya-tery of the man who imagined himself as Emperor Heary IV of Germany is staged by Zelde Fichandier. (488 3300). Ends Fel

CHICAGO Passion Play (Goodman). Peter Richo's clever twinning of the major characters as they conduct a duplicitous affair adds a sharp edge to the view of contemporary life in London. (443 3800). Ends Feb 13.

ourwin in master a pursues the afternoon programms has another popular plece. Sukeroku. Both plays are the property of the Ichi-kawa family whose kabuld lineage dates back 250 years and feature the current head of the family, Danjuro XI. Excellent earphone conventary in English. (541)

NEW YORK

Beveland Orchestra. Vladimir Ashkenszy conducting with Frankin Cohen on clarinet. Shel-ing Mozart, Ravel (Wed). Carnegle Hall, (247 7800). In Capo Chamber Players. A

ber Ensemble. Michael Feldman conducting, Eriko Sato violin, Alexandra Hunt soprano, Benneut Lerner piano. Vittorio Reiti 90th hirthday celebration (Wed). Barry Hannigan piano recital. George Crumb, Frederic Rzewaid (Thur). Merkin Hall (Goodman House). 67th wo f Broadway. (362 8719). he Schubertlade, begun on Schub-ert's 190th birthday, continues the zen-west programme of the erts two orthogy, con the ten-year programme complete works of the co-culminating at his bicent Over 60 chamber works, an

Fisher Hall) Lincoln Center (874 2424)

Washington

Actional Symphony, Matishav Ros-tropovich conducting Sibelius (Tue); Matishav Rostropovich con-ducting: Hoyce, Tchafkovsky (Thur), Concert Hall, Kennedy Center (254 3776). CHICAGO

Means Symphony Sir Georg Sont conducting, Eathleen Battle soprano, Africa Maif baritone and Chicago Symphony Chorus, Brahma (Thur), Orchestra Hall, (485 811) (485 8111).

90).
Itrecht, Vredenburg. Back contains performed by the Amsterdam Baroque Orchestra with the Ghent. Collegium Vocale and vocalists conducted by Ton Koopman (Thur). (31 45 44).
Indhoven, Schouwburg. The Brabant Orchestra conducted by Heinz Friesen, with Theo Bruins, piano: Liszt, Bartok, Mendelssohn.

pinno: Liszt, Bartok, Mendelssohn (Tue). (11 11 22). Grouingem, Costerpoort. Pinno: recital by Gregorio Nardi: Sec-thoven, Chopin (Thur). (13 10 44).

Federal Farm Credit Banks Consolidated Systemwide Bonds

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THE REPORT OF THE PROPERTY OF

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Cinema/Nigel Andrews

Insanity reigns

Nadine directed by Robert Ben-King Lear directed by Jean-Luc The Lort Boys directed by Joel Schumscher China Girl directed by Abel

"Marriage is a little like going to a gym," says writer-director Robert Benton in the press notes to Nadins. "If you keep working at it, sooner or later you get past the pain and the results are extraordinary."

This sounds like a description of the film critic's profession. The only difference is that whenever the critic thinks he has graduated beyond the pain threshold in his job, he hits a week like the present one. On top of Benton's movie, which calls itself a comedy thriller and is therefore twice actionand is therefore twice actionable under the Trades Descriptions Act, we have Jean-Luc Godard's demented King Lear and assorted youth-market sorties into vempirism, race wars

and knockabout crime Nadine is set in 1954 in small-town Texas, and its sensibility is time-warped and pro-vincial to match. Robert Benton's weakness for the twee and folksy was discernible between the good bits in Kramer Vs Kramer and Places Of The Heart. Here that weakness is rampant, and there are no good bits to compensate. Kim Basinger and Jeff Bridges play the-brink-of-divorce couple. thrown together again by her accidental implication in a murden whether again. accidental implication in a mur-der. A knifed photographer, a set of nude photos, a secret plan for a new highway and an actor doing an over-the-top impersonation of Rip Torn (oh, sorry, it is Rip Torn) are all involved in what follows. The only party not involved is the audience. They gaze on with stony face, wondering when the

merriment will begin.

A plot of complication and reconciliation proceeds, through much would-be wacky dialogue and scenes of a dressed-to-the-nines Miss Basin-The Squeeze directed by Roger

dressed-to-the-nines Miss Basin-ger escaping out of windows, combating rattlesnakes or crawling across rickety ladders. (I know this is meant to be a comply, but she would at least have removed her high heels, wouldn't she?). The great Cuban-born cameraman Nestor Aimendros (of Days Of Heaven and The Bias Layoon) photo-graphs it all with crystalline grace, as if he hoped the film were Sevres china but had a dreadful feeling it was jumble-sale kitchenware.

treadmin feeding it was jamule-sale kitchenware.

It is. When the film flopped in America, Mr Benton plaintively insisted it was not just a com-edy thriller but a serious stateedy thriller but a serious state-ment on marriage. Sorry, Mr Benton. It is not some a comedy thriller. And no serious state-ment on marriage could survive Miss Basinger's chalk-on-black-board shrieks and squeaks or Mr Bridges' desperate look, throughout the film, of a seri-ous actor looking for a serious exit door.

His only problem, had he found one, would have been the risk of straying onto the set of Godard's King Lear. Everyone else seems to have strayed onto it. Here are Norman Mailer, Woody Allen, Peter Sellars (the stage tirector), Menahem Golan (voice only), Burgess Meredith, Molly Ringwald and Uncle Jean-Luc himself. The only notable absentee is William notable absentee is William

shakespeare, doubtless rotating slowly in his grave.
Certainly the liberties J-L G has taken are remarkable. He ignores the Hard almost completely. The only discernible connections with Shakespeare are the presence of one William are the presence of one William Shakespeare Jnr V (Sellars), an American writer seeking inspiration, who wanders across modern France in pursuit of a

Cordelia-like daughter Kate (Ringwald). There are occa-

(Ringwald). There are occasional interruptions from Godard himself as the Fook a role for which Godard comes complete with a speech defect, rendering his lines all but impenetrable, and a head-dress of electrical cords.

Mailer and Allen pop up briefly like book-ends at beginning and end of film. Allen has no dialogue and Mailer, who was originally to have played Lear, sounds as if he wishes he did not. Occasionally all semblance of storyline ceases with quasi-abstract interludes: scenes in an unidentified cutting-room, broken-petalled flowers re-assembling in reverse motion.

flowers re-assembling in reverse motion.

For those not having the faintest idea what is going on, Godard provides captions and intertities to confuse them further. "Nothing will come of no thing:" "Virtue versus Power."

"A film shot in the back." This last seems closest to the truth last seems closest to the truth. Though whether the movie was so assassinated by Godard's poorly-thanked backers ("Cannon Cultural Division" he keeps susering at them in the film) or by Godard himself, not knowing his stermin from his rectum, is open to question.

Are we, in the age of Aids, going to be smitten with an epidemic of vampire films? I fear going to be smitten with an epidemic of vampire films? I fear we are. After Near Dark, The Lost Bogs comes to town, in which attractive widow Dianne Wiest and her two boys (Jason Patric and Corey Haim) are terrorised by a gang of teenage vampires led by Kiefer Sutherland (son of Donald). They (Miss Wiest and Co) have just survived in Santa Carla, California, a town we discover is fondly dubbed by the locals "murder capital of the world."

Any sane person, on learning their carraping action thriller from the director of Driller Killer, Abel Ferrara. The only thing Any sane person, on learning this, would have negotiated away the mortgage, sold the cat and got the milk train out the



Kim Basinger and Jeff Bridges in "Nadine

of being a character in a horror film is that you score zero for quickness-on-nptake. Soon blood is being quaffed, screams are being dispensed, and large numbers of America's young acting population are hanging upside from the rafters in all-day shumber. (After the Brat Pack, the Bat Pack?). Joel Schumacher directs the imbecile script; and only the cameraman

Abel Ferrara. The only thing more nauseating than the vio-lence – which offers demon-

next morning. However, the art stration lessons on everything you didn't know about knives and cleavers but were afraid to and cleavers but were arrain to ask — is the subplot Romeo-and-Juliet romance. An Italian boy and a Chinese girl dare to love each other in the crossfire, and between murder spress the audience has to suffer their manuscript giances and drings.

audience has to suffer their puppy-dog glances and drippy dialogue.

Nor, alas, is there is much break in the cinematic cloud-cover with The Squeeze. This has the gifted Michael Keaton (of Mr Mom and Guag Ho) trying to resuscitate an expiring comedy script about murders, molls. mobsters and lottery molls, mosters and lottery frauds. But the gags tend to die on delivery, the acting is overauxious, and whenever the pace becomes too torpid even for writer Daniel Taplitz and director Pages Young that them is tor Roger Young, they throw in a killing or a severed thumb. This last motif introduces itself early on: doubtless a heraldic omen of the sore thumbs like which most of this film's comic

contrivances stick out.

If you want a good time, why not go instead to the National Film Theatre's melodrama sea-son? In the last two decades serious critics have found serious virtues in once-scorned emotional dramas like Nicholas emotional dramas like Micholas Ray's Bigger Than Life (Febru-ary 3rd), Curtis Bernhardt's Possessed or Douglas Sirk's Written On The Wind (both February 8th). Though at times these serious critics have been been known to sound as if they are angling for a place in Pseuds Corner (beware of Pseuds Corner (beware of strangers bearing words like "syntagma" and "metonymic slippage"), the melodramas they champion – mostly made in the 1950s – are now startlingly in key with 1980s moods and obsessions. They deal with the dangers of passion (compare Fatal Attraction), with the deceptions of wealth (see the stock market) and with the the stock market), and with the tensions of a world at peace

Hansel and Gretel/Coliseum

Max Loppert

Pauline Tinsley, a mainstay of of this large theatre may Sadler's Wells Opera both at remind regular Coliseum visithe old house and in the early tors how often, in this respect, they have to go short at other

the old house and in the early years at St Martin's Lane, has not appeared at the Coliseum since those memorable Mary Stuart performances of 1974. Instead of wondering aloud once again why on earth the owner of this house-filling voice and personality was thereafter excluded from the company, Londoners can now celebrate her long-delayed return; for on Wednesday Miss Tinsley took over the double assignment of Mother and assignment of Mother and Witch in the new English National Opera production of Humperdinck's opera, and will remain with it until the end of

remain with it until the end of the run.

She gave a tremendous per-formance of what has become, in David Pountney's endlessly fascinating and brilliant reworking, the opera's leading role. Humperdinck wrote the work's "grown-up" parts for voices of Wagnerian scale — which is what Miss Tinsley pos-sesses (unlike her predecessor. which is what Miss Tinsley pos-sesses (unlike her predecessor, Felicity Palmer), and of which she gave a proud demonstration in those high-lying phrases pre-viously shirked or transposed down. (The Witch's triumphant culminating top B flat was a marvellous moment of vocal

marvenous moment of vocal and physical glee in authentic operatic translation.)

This is not, and perhaps never has been, a becutiful voice, but its power, energy, and excitement are undimmed, and its ease in riding the spaces

But the impact of Miss Tin-sley's appearance is by no means only vocal: she shows us a much tougher, harder-bitten Mother (the threats of domestic violence, from mother to son and husband and wife become and nussand and whe become correspondingly more vivid) and a much less self-advertis-ingly flouncy Witch than we saw previously. (She needs only to project her words with greater persistence.) A second viewing of this production raises perhaps one or two doubts previously unconsidered about the Freudian layers that the producer has stratified beneath Humperdinck's fairy-tale substance (the mesh-ing of fantasies is never com-pletely clarified). Yet with a cast so totally absorbed into its fabric, and with the central dramatic-soprano focus now so much intensified, it's not hard to surrender to the beauty and poetry of the whole perfor-

Did I sufficiently praise the rugged Father of Norman Bal-ley (in wonderful voice) or the huggably roly-poly "real boy" Hansel of Ethna Robinson after the opening night? Or the orchestra under Mark Elder's masterly direction? Or the music itself? This Hansel and Gretel remains one of the magi-cal evenings of London opera.

Kit and the Widow/Lyric Studio

Martin Hoyle

Kit has a profile, a receding with a dash of the a great West End score—ating manner with a dash of the epicene. The Widow looks about 14, has big brown eyes singer and front man, is a and a mischievous schoolboy grin Both for readers unfamily the scored to his available and a factorize to his available and his av grin. Both, for readers unfamil-iar with their work, are male. With a white baby grand and plaster casts of classical nudity - hastily draped with foliage by Kit with a murmur of "Clause 28!" - the couple are giving an extended evening of their cabaret in the Studio of the Lyric Hammersmith

the Lyric, Hammersmith. Despite the veneer of camp, their original material is founded firmly on the best British models. Noel Coward in cau-tionary, anecdotal mood can be detected in such songs as "Mother's only little vice" (not too far from that bar on the Piccola Marina) and "Matador" (where one half expects Cow-ard's Nina from Argentina to add solidarity to castanet-clacking Lola Carmen's disgusted repudiation of the stuffedbreeches torero, El Machismo). A gentler vein (Flanders and Swann?) is tapped for octoge-narian shop-lifters and famous baldies. And the pair hit their own, more astringent, form with a charming post-AIDS exvoi to Cole Porter, "Let's not

screen-writer with Maurice to his credit and a forthcoming musical – the Barbican, March – that won the Vivian Ellis Award. The pianist Widow is Richard Sisson from Glasgow's TAG company. Like an upper-class Victoria Wood, their range of reference takes in brand names and cultural allusions — Agnes Baltsa, Patricia Hughes of Radio 3, Twyla Tharp — more show-biz than political, though they manage a stinging little number about drunkenness among the spouses of Conservative ministers. One almost forgives rhymes like clammier/España and a slight lack of variety in mood – though the wistful "It's a bar but it isn't Casablanca" hints at deeper feelings and a wider

emotional range.

There are many pleasures in the evening, but it could be half as long. This is not to decry Leo Ward, a prestidigitator whose guest spot in the second half makes such objects as lighted candles appear and vanish mystifyingly even in the close quar-ters of the Studio, and who do it;" a verbally dextrous and thinks up an original and admirefreshingly subversive gloss rable use for Mr Rupert Mur-on Gilbert and Sullivan's police-doch's flagship. But Kit and the man's lot; a marvellous patter Widow themselves tend to the number, set to the Barbiere di repetitious after nearly two Siniglia everture, for Glynde-bourne-goers in a traffic jam ("two bloody hours of Orping-ton in flaming June"); and the wicked dissection of the Lloyd-

Venus and Lucrece/Almeida

Michael Coveney

The reviving kiss prompts a curiously indecent triple assault on the poor lad, who has scarcely had time to

recover his breath from pranc-

ralism of the setting — an over-hanging myrile shrub, baskets of fruit, a lovely old cart — con-spires against the aloof sensual-

Some verses are set to songs of lamentation, one of the Venuses blows a plaintive pipe, the best passages are reserved for Julia Swift as the most mature seducer. But the scene

remains doggedly de-activated, Adonis's fate at the hands of

the boar completely ducked,

dressed up in footling fussiness.
At least in Lucreos there is

the unequivocal stalking of a

ity of the poetry.

Islington. Bardy Thomas's Art. Depot presentations of Shakespeare's early Ovidian narra-tives, Venus and Adonis and The Rape of Lucrece, are stilted theatrical exercises in erotic groundswell of the first dozen or so Sonnets: that Beauty should propagate itself. A round with a farmhand misses the point. The six-line stances are ingeniously distributed, but who is the "love-sick queen,"—who the indifferent huntsman?

Two different approaches are adopted, but the physical lan-guage of each is garbled. The cool classical landscape of the first poem is exchanged for al Shakespearian grove such as inhabited by Justice Shallow. The importunate goddess Venus is rendered as three rosycheeked wenches biting on



Sarah Woodward

The latest fruit of Peter Gill's mersetshire and tossing the secret laboratory at the fresty Adonis (Jerume Flynn)
National hangs a little green on the bough at the Almeida in perfectly healthy, and not at all no convincing solution, beyond difficult to me difficult to me marginally continue about 40. difficult, to me.
This robs the piece of its mercifully cutting about 40 stanzas of Lucrece's post-coital siege-like urgency and Venua's chief message, not unlike the groundswell of the first dozen ruminations as she ponders the

Fall of Troy.

From that passage Sarah

Woodward, by no means Shakespeare's soberly
undressed matron, but a coy

more serves

quavering mistress, preserves her identification with the hap-less Hecuba. And the narrative logistics are more satisfactorily worked out by having Lucrece open the play with the poem's Argument, and by turning over the objective, third person, horestell was a more than the property of the property of the property of the person to be ror-struck verses to a mournful

disapproval by Tricia Kelly).
What we would recognise as
the best of Shakespeare in lion in the parallel exemplum of hist on the run. The sunlit natueither poem belongs to Tarquin, whose guilt-sodden progress to his hostess's four-poster was still on Shakespeare's mind in Macbeth. David Lansbury hits some of the right notes, but not enough. It is extraordinary how disgust sets in even as the deed is contemplated.

The great opportunity missed here, apart from inventing a modern sensual theatrical language for the texts, is the obvious contrast between the ease with which a man takes his pleasure and the difficulty with which a woman fails to take Bardy Thomas's best work

victim by a rapist in the grip of an insatiate appetite. We lip-smacking voyeurs missed that resides in putting the stiff rhythms of the lambic pentamemuch in the first half. Eros is denied in Venus but gratified in Lucrece. The approach here is of direct story-telling, not of ters through endless expressive variations. But as for the specromantic mood music. tacle, or the sport, the transla-The enly trouble is, from a tion to the stage: forget it. This theatrical point of view, there is just, well, workshop time.

Messiaen/Festival Hall

Richard Fairman

During the next month the Fes-tival Hall is mounting a series of organ recitals devoted to Messiaen – "Le Maître Mys-tique," as the title enigmatically of organ recitals devoted to Messiaen - "Le Maître Mys-tique," as the title enigmatically calls him. It is a tribute that the eye can see. Anything further from the

every organist will surely give the most wholehearted support, as there is no 20th century Anything further from the light, occasional style of the 19th century French organ composers is difficult to imagine. The feeling of La Nativité, with its programme of religiousmeditations, is one of imelessness, composer who has done more than Messisen to keep the organ in the forefront of new musical developments and enrich its repertoire with works to complement the great legacy from the baroque era.

The scale of so many of his organ pieces never fails to be cause for amazement. This of thoughts allowed to mature and deepen without any of the usual restrictions that public performance imposes on compo-sition. Even at this early point Messiaen was not one to make opening recital, which was

compromises. The Festival Hall is unfortuthe earliest works that drew nately not the best place to the composer to international hear his music. While the organ

vast range of registrations that Messiaen's scores always call for, the dry acoustic leaves lit-tle room for the music to acquire a halo of sound. One wants the beginning of La Nativité to ease its way into the listener's consciousness, not suddenly appear as a definite and tangible statement.

This is, to my mind, a major drawback. But some compensa-tion can be had from the rare chance to hear all the notes and, both as technician and interpreter, Robert proved fully equal to the spotlight that the hall shines upon the soloist's playing. Indeed, the rhythms in "Les Anges" were so precise that one understood why it is primarily as an innovator in attention - La Nativité du Sei- is well equipped to supply the regard himself as important.

Henry Moore, sponsored by Salomon Brothers, and starting

Royal Academy in search of sponsors

rather low key 1988. While willing to contribute £500,000 most leading arts organisations to have a room of the RA are battling against deficits, the named after them.

RA recorded a surplus of But for all its success it cannot find a sponsor for one of its since it gets no state aid, it is not easing up on its fund raisgraphic works of Toulouse-Lauing and amnounced that Mrs tree which opens on October 14. Thatcher has agreed to be Its other main activities this patron of a new Corporate year are a show for fifty paint-Membership Scheme, which in time could produce £500,000 a Baron Thyssen, including a Holpein portrait of Henry VIII,

given by the French organist, Georges Robert, featured one of

their employees for the RA event, sponsored by Chase Manshows plus other privileges. hattan Bank, from April 22; The RA has good links with and a major celebration of

WEST GERMANY

Berlin, Deutsche Oper. Der Troubadour is a Herbert von Karajan production and features Viktor van
Halem and Franco Bonisolli.
Orpheus in der Unterwelt is
revived with Julia Conwell, Barbara Scherker and David Griffith.
Also offered La Boheme and La
Goconda. (34381).
Hankurs, Stratsmer, Cav and Pas

samburg, Sinatsoper, Cav and Pag stars Julia Varady, Hildegard Har-

The Royal Academy yesterday business; it raised \$815,000 reported back on a financially from sponsorship last year, and sound 1987 and unveiled a is now looking for companies rather low key 1988. While willing to contribute \$500,000

year.

Under the scheme companies which opens on March 18; the pay either £1,000 or £5,000 early years of Cezanne, a conand get concessionary rates for troversial and eye opening

Sentember 16 Next winter the RA hopes to mount another of its important retrospectives of 20th century Euroepan art, this time devoted to Italy, but it, too, awaits a sponsor. Its current show, the Age of Chivalry, was made possible through a \$500,000 guarantee from House Book

antee from Lloyds Bank.
The Summer Show, perhaps
the key event of the RA year,
runs from May 14 to August 7, and is sponsored by Esso. Last year works of art valued at over \$1.1m were sold, at an average price of \$362.

Antony Thorncroft

Continued from Page 22

Opera and Ballet PARIS

Paris Opéra. Orphée aux Enfers is conducted by Lothar Zagrosek with Michel Senechal, tenor, dominating Jean-Louis Martinoty's production of Offenbach's joydous parody of Gluck. Afternates with Homage to Serge Lifar by the stars and pupils of the Paris Opéra Ballet with leare danced in Picasso's decor and costumes. (47425371).

La Fille dia Regiment. Conducted by John Burdekin at the Opéra Comique (47425371).

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NEW YORK

NEW YORK

Metropolitan Opera (Opera Home).

Nello Santi conducta Turandot in Franco Zeffreill's production with Ghena Dimitrova, Leona Mitchell, Nicola Martinucci and Franco De Grandis. Nello Santi conducts Luisa Miller in Nathaniel Merrill's production with Silvia Mosca, Wolfgang Brendel and Paul Pitahka. James Levine conducts Pabrizio Melano's production of Pelléas et Mélisande with Frederics von Stade, Anthony Rolfe Johnson and John Macurdy. Sir Peter Hall's production of Macbeth Conducted by Giuseppe Sinopoli features Eva Marton, Renato Bruson and Samnel Ramey. Lincoln Center. (362 6000).

Travelling on Business in the Netherlands?

Enjoy reading your complimentary copy of the Financial Times when you're staying . . .

WASHINGTON

Washington Opera (Eisenhower). The Consul Gian Carlo Menotti's 1950 Pulitzer-prize whoming opera The Consul. Gan Carlo Menotir's 1960 Pulitzer-prize winning opera protesting against police states is directed by the composer in repertory with L'Italiana in Algerie. Kennedy Center. (254 3670). Buss Pinastore (Opera House). Brian McDonald's production stars Ron Moody and Meg Bussest. Kennedy Center. Ends Feb 6. (254 3770).

January 29-February 4

LONDON Royal Opera (Covent Garden). Ber-nard Haitink's first Wagner ven-ture since taking on the Royal

Opera musical directorship is a new production of Parsifal. The staging is by Bill Bryden in the designs of Hayden Griffin; the young German tenor Peter Seiffert (London debut) takes the title role, and the cast also includes Robert Lloyd, Waltraud Meler, Simon Estes, and Willard White. On Sunday English Bach Pestival visits Covent Garden for a single performance of the Paris (tenor) version of Gluck's Orpheus and Eurydice. Charles Farncombe conducts, and the title roles are taken by Andreas Jaggi and Marilyn Hill Smith. (240 1086)
Baglish National Opera (Coliseum). The triumphant new production by David Pountney of Hansel and Gretel is a magical combination of operatic re-thinking and real theatrical funtasy. Mark Elder conducts, superbly, Cathryn Pope and Ethna Bobinson take the title roles, and Pauline Tinsley, far too long absent from London opera, returns to the ENO in the double assignment of Mother and Witch Also in repertory: the last performance of the Bosenkavalier revival, attractively conducted by Christian Badea, with Valerie Masterson a light but marvellously elegant Marschallin; and the latest appearance of Graham Vick's deeply unsatisfying Madam Butterfly production, with Janice Cairns and Edmund Barham as Che-Cio-San and Pinkerton. (836 3161)

twig, Giorgio Lamberti, Piero Cappuccilli, Natalia Troitskaya and Wladimir Atlantow. Zer und Zimmermann will be conducted by Manfred Schandert. Zemlinaky's rarely played Eine Florentinische Tragodie/Der Geburtstag der Infantin has fine interpretations by Elisabeth Stainer, Inga Nielsen, Dieter Weller and Kenneth Riegel. John Neumeier's ballet Daphnis and Chloe/Der Feuervogel closes this week. (35 11 51). Frankfurt, Opera. Cost Fan Tutte returns with a new cast led by Clarry Bartha, Marianne Rorhim, Michal Shamir and Douglas Johnson and will be conducted by Ira Levin. Le Nozze di Figaro features Hildegard Heichele, Wolfgang Schone, Nan Christie and Marianne Rorhim. Der Fliegende Hollander has Simon Estes in the title role and Kurt Moll as Daland. (25621).
Munchen, Bayerische Staatsoper. The week starts with Der Widerspenstigen Zahmung, choreographed by the late John Cranko. Gotterdammerung is steered to triumph by Ute Vinzing, Lisbeth Balsley. Cornellis Wulkoof. Rens

graphed by the late John Cranko. Gotterdammerung is steered to triumph by Ute Vinzing, Lisbeth Balslev, Cornelia Wulkopf, Rens
Kollo and Marti Salminen. Faust,
aung in French, has Carol Vaness,
Ruggero Raimondl and Francisco
Araira. Don Giovanni stars Elisabeth Connell, Irudeliese Schmidt,
Peter Schreier and Christian
Roeach. Also in the repertory: Boesch. Also in the repertory: Tosca. (21851).

ITALY

Milan, Testro alla Scala. First performance in Italy of Niccolo Jommelli's Fetonta, conducted by
Hans Vonk and directed by Luca.
Ronconi. In the cast are Lucians
Serra, Curtis Rayam, Mariana
Nicolesco and Luciana d'Intino.
Also Vendi's I due Foscari, conducted by Gianandrea Gavazzeni
and directed by Pier Luigi Pizzi
(also responsible for the scenery
and costumes). The splendid Renato Bruson (alternating with

Eduard Tumagian) leads a cast which includes Linda Roarkstrummer (alternating with Maria Guleghins) and Benato Cazzaniga (siternating with Ernesto Gavazzi). (80 91 26).

Naples, Teatro san Cario, London Festival Ballet with Natalia Makarova in Four Works. (41 70 44).

Rome, Teatro dell'Opera. La Bohème, in the successful production seen here two sessons ago, this time conducted by the young Spanish conductor Miguel Angel Gomez Martinez. The husband and wife team, Veriano Luchetti and Mietta Sighele lead the cast. Also, Bellini's La Sonnambula, in the same production as given here two years ago, conducted by Hubert Soudant. American soprano June Andreson leads the cast. (48 17 55).

Taria, Teatro Regio. Gotterdammerung, sung in German, conducted by Gianfranco de Bosio, with Jezznnine Akmeyer, Herlbart Steinbach and Cheryl Studer. (54 80 00).

Genos, Teatro Margherita. Genoa Opera opens its season with Manon by Massenet sung in French, conducted by Daniel Orea and directed by Alberto Fassini, with scenery and costumes by Pasquale Grossi, Fianma lezo d'Amico sings the title role (alternating with Florians Sovilla and Leontina Vaduva), with Pietro Ballo (Chevalier des Grieux) alternating with Lucs Canonici, and Kurt Rydl as the Conte des Grieux. (58 92 39 and 59 16 97).

AMSTERDAM

The Netherlands Opera (Muziektheater). Don Giovanni directed by Alfred Kirchner with Nikolaus Harnoncourt conducting the Concertgebouw Orchestra and Gienn Wilson, continuo. William Shimell in the title role, with Patricia Schuman, Edith Wiens and Hans Peter Blochwitz (Tue, Thur). (25 54 55).

AMSTERDAM

Saleroom/Antony Thorncroft

Bronze and silver

Antoine-Louis Barye is the big seat in the gardens of Luton name among French sculptors in bronze in the mid 19th century and Christie's was expecting a good price when it offered yesterday for the buying and his rare composition, a group of selling of antiques was the Dor-Roger and Angelica borne by chester Hotel, home of the the Hippogriff it set the sum it. the Hippogriff. It got the sum it sought, £71,500.

The bronze had been commissioned in 1846 by the Duc de Montpensier, who wanted an impressive mantlepiece ensemble. He got the rearing horse, so popular with the romantic imagination, on which Roger Sim for a diamond and emerald being molested by a sea serpent. The scene is the climax to as a Christmas present in 1935,

bought at the studio sale after Baryes death by the foundryman Hector Brahm who produced this cast around 1890.

All told the auction of 19th offer. love found and love abandoned sor in the 1950s: it is now sold for £44,000. One was 160 priced at £32,000, as against cm high and the other 155cm the £24,000 it made at the and they were made by Pasquale Romanelli in 1876. Burser many expensive items on offer most of the dealers have £13,200 for a Vienna oval tray painted by Joseph Nigg around £1000. There is an attempt to 1834 with a still life of flowers. The same sum secured a 19th place at which to buy an century Italian white marble bench, which is identical to a

Fourth International Silver and Jewellery Fair until Monday. This has become the key event in the trading year for many of the leading silver and jewellery

pent. The scene is the climax to the Renaissance poem, Orlando when their affair was still a In Baryes catalogue of 1847 secret. Garrards had bought it the group is priced at Ffr.1,600, making it twice as expensive as any other item. The model was hought at the angular college. siderable mark up suggests that the company is quite prepared to keep it in stock in its own royal collection of jewels but would accept a "ridiculous"

All told the auction of 19th offer. century works of art brought in Silver, another London \$559,394 with 28 per cent dealer, is offering a gold brace-unsoid. A pair of 19th century Florentine marble figures of Duchess by the Duke of Windlove found and love abandoned sor in the 1950s: it is now sold for \$44,000. One was 160 priced at \$32,000, 2s against cm high and the other 155cm the \$24,000 it made at the and they were made by Pas-Geneva auction. Although there was a proposed in 1976 Paragraphy expensive items on

Two new RSC productions for London

The Royal Shakespeare Company has announced that its two major new productions opening at its London Barbican opening at its London Barbican
Theatre this year will be Chekhov's The Three Sisters,
directed by John Barton
(August), and Farquhar's The
Recruiting Officer, directed by
Barry Kyle (September).
The other plays are the three The other plays are the three Shakespeare transfers from Stratford - Much Ado About Nothing, the Henry VI plays and Richard III.

The Royal Lyceum Theatre Company, Edinburgh is presenting Arther Miller's Death of a Salesman from February 12 to March 5, directed by Ian Wooldridge. Paul Maxwell will play Willy Loman. Joely Richardson has had to

withdraw from Eugene O'Neill's
A Touch of the Post at the
Young Vic due to ill health. The
role of Sarah Melody will now be played by Rudi Davies.

Crest Hotel, Ascot Hotel

in Amsterdam at the

American Hotel, Hotel Apollo, Garden Hotel, Hilton Hotel, Mariott Hotel, Sonesta Hotel, Victoria Hotel, Doelen Crest Hotel, Schiphol Hilton Hotel,

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. . in Rotterdam at the

. . . in Schev

Hilton Hotel

the Kurhaus Hotel

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Friday January 29 1988

Changing role of the Bank

change to which the Bank, like every other institution in the City of London, has been

Subjected to in recent years.

Many people will see the
Government's decision to ask
Mr Leigh-Pemberton to stay on as a sign that it wants the Bank to continue playing the less assertive, more functional role which it has taken on in the 1980's in both mone-tary and banking matters. While this transformation undoubtedly owes something to the emollient character of Mr Leigh-Pemberton himself, it is circumstances as much as the man which have brought

about the change.

There is no doubt that the last five years have marked a transition by the Bank.
Whereas it used to exercise
its authority through informal means, it now derives its powers largely from statute. But a modernisation of the Bank's role was also desirable at least in some areas - and Mr Leigh-Pemberton's contribution to the process may well be that he has gracefully facilitated what was inevitable anyway,

Serious weaknesses

In the management of the UK economy, governments until the mid-1970's used to leave much of the handling of monetary policy to the Bank because that was its area of competence; Whitehall's principal interest was in fiscal policy, then thought far more important. However, the priority attached to monetary policy was greatly enhanced after the sterling crisis of 1976; since then, and especially under the present intel-lectually self-confident Chancellor, monetary strategy has remained the Treasury's

become limited to the more come.

Governor to the Bank of England is a good moment to take stock of an institution which plays a central role in the country's financial and banking affairs. On this occasion, the re-appointment of Mr Robin Leigh-Pemberton highlights the process of change to which the Bank, like every other institution in the City of London, has been technical one of administering policy in the markets. Its ability to influence strategy has been further reduced by the personality of the Governor, although the Bank still speaks out - 2s Mr Leigh-Pemberton did the other day when he warned of the inflationary dangers lurking in the economy. How greatly preferable, though, is the more disciplined approach now taken to plined approach now taken to the management of monetary and foreign exchange policy over the costly muddles of the prior decade.

> In its other role, as guardian of the British banking system, the Bank has also seen its powers altered. The John son Matthey Bankers crisis in 1984 exposed serious weak-nesses in its supervisory competence and accelerated new banking legislation which has given the Bank more clearly defined powers. The new Banking Act has provided a better framework for the management of the City which now has 600 banks, 400 of them foreign, and where a flicker of the Governor's eyebrows no longer obtains instant results - or is even understood by many of

Club ethic

If all this has drained some of the Bank's small store of independence and mystique, Mr Leigh-Pemberton's first term has some achievements to its credit. On the securities side the Bank played a leading part in a fundamental modernisation of the City which was achieved in the space of only two years. The jury is still out, but the Bank wins marks for its perfor-mance so far. It has also led the international debate on the regulation of multinational banks which is expec-ted to produce a major accord later this year. Both these achievements have helped reinforce London's position as an international financial cen-

The Bank appears to be recovering from a period The traditional role of the when its reputation, both Bank as a voice to advise and within the City and in Whitewarn government has been hall, was at a low ebb. Its reduced, and its utterings retreat from the old City club now come more from the ethic towards a more open wings than from centre stage. and less discretionary regime The Bank's function has was both necessary and wel-

Anglo-French priorities

THE ANGLO-FRENCH summit not be allowed to dominate which takes place in London the discussions to such an today comes as a timely extent that Anglo-French reminder that there is more to European co-operation than the ever-deepening relationship between Paris and Bonn. shown a real desire for co-op-Recent history has demon-eration with Britain in a key strated that Franco-German area for Western defence reconciliation is a pre-condition for peace in Europe. Yet slon of the INF treaty.
there is a danger that, if too If British enthusiasm for there is a danger that, if too much emphasis is placed by Paris and Bonn on their bilat-air-launched nuclear missile Paris and Bonn on their place eral links, the objective of that of France, it is not only because of a disagreement because of a disagreement the two air forces pean Community could be

The meetings that Mrs Thatcher will be having today with President Mitterrand and Mr Chirac, the French Prime Minister, should provide an excellent opportunity for examining ways in which Britain can become more closely involved in the process of giving Europe a greater role in Western defence. However, it is not certain that the British and French leaders have the same priorities. While President Mitterrand is expected to try to give the joint development of an air-launched nucleararmed missile a fresh political stimulus, Mrs Thatcher may he more concerned with enlisting French support for the British position on agricultural and budgetary reform in the Community.

Key area

Prime Minister's insistence that West German attempts to water down proposals for curbing farm spending and nothing would create a through so-called budget stabilisers must be countered at all costs will provide an only two nuclear powers were important pointer to next to start co-operating on the month's European summit development of nuclear weapdebate on the subject. But her ons. Such co-operation, in chances of obtaining anything conjunction with the joint but an ambiguous reply are slim, since the French appear broadly to support the com-promise tabled by the West

Germans in Brussels. Important as these Community issues are, they should a whole.

over the range of the new weapon. Mrs Thatcher is said to be concerned that co-operation on nuclear weapons between Britain and France might weaken the US's nuclear and overall military commitment to the defence of Europe and thus undermine

Military sphere

If that is really the Prime Minister's view, she should be reminded that successive US Administrations have repeat edly urged the European allies to assume a greater share of the burden of defending their continent. Even more relevant is the likelihood that the US military presence in Europe will, in any case, have to be reduced in the longer run as the result of budgetary con-

A realistic defence policy
The French reaction to the for Europe cannot be based rime Minister's insistence just on the hope that such a day will never come. Contingency plans have to be made steps taken by France and West Germany in the conventional military sphere, should be seen as strengthening the European pillar of Nato and thus the Western Alliance as

Robert Graham reports on Argentina after the second failed military rebellion in nine months

PRESIDENT Raul Alfonsin has hooked his credibility to a ringing sentence uttered in the aftermath of last week's military rebellion. "We have once again put the house in order," he said reassuringly.

But he needs to do a lot

more reassuring, both at home and abroad, after the 36-hour rebellion that was crushed on January 18. It was the second such uprising in nine months and came as his popularity was being eroded by divisions within his Radical Party and by his Government's repeated failures to grapple with Argentina's stagnant, debt-ridden economy.

stagnant, debt-ridden economy.

Today, Argentines are no longer nervously listening to their transistors and those that can keep abreast of inflation have resumed summer beach life. The leader of the rebellion, ex-Colonel Aldo Rico, who boasted that "a soldier does not negotiate, a soldier fights," has surrendered; and the army high command has detained those responsible, in the biggest purge of the officer corps for more than 25 years. than 25 years.

been portraying him as a down to his "poor white"
haunted sleeper – menaced by background (his father was a
a clutch of political, military
and economic spectres,
including Col Rico, the Peronincluding Col Rico, the Peronincluding Col Rico and the commanist opposition and the IMF.

also instigated the uprising the Falklands defeat - populast Easter and should have larly seen as men of action been behind bars. Instead he able to take the initiative. was able to escape from Their self-importance was house arrest in a Buenos swollen by the outcome of the feature of the feature rebellion last Easter when Cal 380 miles north of the capital. From there he demanded a command and a vindication of the military's role during the "Dirty War" against the Left (1976-82). shake-up of the army high refused to act against him.

Command and a vindication of Although President Alf

These, he insisted, were purely military demands. But if he had been successful, Col Rico would have split the mil-itary establishment, taken all credibility from President Alfonsin and dealt a body blow to democracy.

This last is the most important aspect. Democracy has been consolidated - since the junta ceded power after the 1982 Falklands debacle - by the military accepting civilian authority. President Alfonsin solved the problem of getting democracy accepted by the higher ranks by forcing the generals to retire, or by accepted in the principal interpretation. arraigning the principal junta figures. What has been more complicated has been the handling of those who could not dle-rank and junior officers and NCOs who grew up under the Dirty War. Even 11, 1165 cannot time they weakened 1165 cannot make they be akened 1165 cannot make they be akened 1165 cannot make they weakened 1165 cannot make they were cannot make they weakened 1165 cannot make they were cannot make they weakened 1165 cannot make they w the Dirty War. Even if, like

These are men who have the armed forces. lost most in the new democratic order. Their privileges • General Jose Dante Caridi, are reduced, and they have the army chief of staff, rebeen cold-shouldered by much posted a number of the key of the public. Their dissatis- dissidents after the Easter Close associates of Mr faction has spawned a bitter- rebellion, neutralising their Alfonsin insist such a concesness similar to that which effectiveness. He also pro- sion would be politically

Alfonsin battles to keep the balance

All the same, Mr Alfonsin l'Armée Secrète (OAS) among cannot slip easily into a mid- the French in Algeria, Col summer snooze. Political car- Rico possesses many of the toonists in Buenos Aires have attributes of an OAS diehard,

Col Rico and the commanst opposition and the iMF.

dos he led suffered from a

Col Rico was a spectre on a particular problem. They return visit. As well as lead were victims of Argentina's ing this month's rebellion, he need to create heroes after Aires country club to the gar-rison town of Monte Caseros, Rico took over the main infantry barracks outside Buenos Aires, and his fellow officers

> Argentina's need for heroes after the Falklands defeat

made to end last year's rebel-lion, events quickly proved otherwise. A law was introhuman rights abuses commitreduced the number of mid-dle-ranking and junior offi-cers liable to trial from 400 to some 60. In addition, a number of unpopular generals were retired, military pay was increased and the rebels themselves were treated lightly.

These concessions contrib-These concessions contrib-uted to the outbreak of the second rebellion, but at the second rebellion, but at the charge, to show that it was their superiors' incompetent handling of the Falklands of the second uprising:

Of the second uprising:

The concessions made last that Gen Caridi will seek, as a

ple, Gen Juan Ramon Mahra-

into firing first on his fellow

and the rest of society," says Mr Marcelo Stubrin, a leading Radical deputy.

The military influence in politics remains, however, an issue. Mr Alfonsin's critics are concerned about the attitudes of "loyal" officers. Dur-ing the rebellion, President Easter satisfied the bulk of quid pro quo for his loyalty, an amnesty for all those involved in the Dirty War and a cancellation of the pending human rights cases.

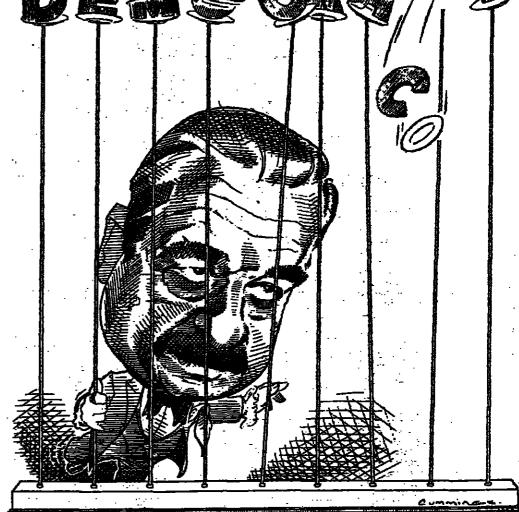
nurtured the Organisation de moted loyalists – for exam- impossible for him. Col Rico's

gana, who led the armoured thrust on Monte Caseros forcing Col Rico's surrender, was a colonel only nine months

 Col Rico revealed weakness by establishing his base at Monte Caseros, rather than in the capital, and then allowing himself to be maneeuvred

A significant indicator of the rebellion's failure was the way the citizens of Monte eros applauded a liberating column of loyal troops. In a nation where soldiers have been seen as oppressors, the idea that they might be on the side of the people is startling. "This aspect of the rebellion, that there are loyal troops backing the democratic order, provides a means to build a bridge between the military

The Government was quick to capitalise on the failure of the rebellion, detaining 328 officers and NCOs (from an army total of 15,000). These formed a coherent ideological duced acknowledging the group within the army, not principle of obeying superior affecting the other two ser-orders as a defence in cases of vice arms. If the Government's pledge of stiff punish-



and was for a shake-up of the army high command, including the army chief of staff. Gen Caridi was therefore acting primarily to save his own credibility and posi-tion; the president owes him

These criticisms aside, the resounding defeat of the rebellion has certainly helped Mr Alfonsin with his political problems. In the short term, political commentators believe the president has recovered much of the ground lost after last year's rebellion. The concessions made then the concessions made then led to a poor performance by the Radicals in last year's mid-term parliamentary elections, and gains by the opposition Peronists. In the debate surrounding this month's rebellion, the Peronists have not distinguished themselves. not distinguished themselves, choosing to blame the Govern-ment for the uprising when they have done nothing but

The Peronists are dividon the extent to which they want to help President Alfon-sin. The Peronist presidential hopeful, Mr Antonio Cafiero. is anxious to play a construc-tive role and is aware that forcing a political showdown would be counter-productive. Mr Alfonsin can take only partial comfort from this opposition disarray. His term lasts until 1989, and the con-

sit on the fence themselves.

stitution prohibits a second, so he will soon become a lame-duck leader. His only way round this is to change the constitution, but his party is divided on the issue, as are the Peronists.

attempts to resolve the comtry's economic problems
depend in large measure on
the attitudes of Argentina's
foreign creditors. Here, this
month's rebellion has been little help to the country's
image of stability – at a time
when its external economic
position is worse than at any
time since the onset of the
debt crisis.

pact." Public spending has
consistently overshot targets
through the Government's
semi-autonomous state companies and the desire of both
the Peronists and Radicals to
foster paironage.

Mr. Alfonsin apparently
hopes to twist the arm of the
international community on
the grounds that a deteriorat-

debt crisis. The 1987 trade surplus ing economy imperils democsumped to below \$1bn racy. This weekend, in Mad-(£580m) due to low prices for rid, he is due to sign a agricultural goods, which still secount for 75 per cent of Spain; providing up to \$3bn exports. Readily usable over the next four years in reserves are as low as \$500m. financial aid, credits and this year \$4.5bn is due to be investment.

vice of the \$54bn debt. The a start has been made.

And the president is not unions, fighting to preserve only playing to a domestic real wages, have been recalci-audience; his Government's trant in agreeing to a "social attempts to resolve the coun- pact." Public spending has

_4/4/////////

the grounds that a deteriorat-

paid out in debt service and on the most optimistic projections of the trade surplus, the country will need a minimum impoverished and isolated \$2bn in fresh money. The post-civil war Spain with a alternative is some form of loan. Argentina was then 11th debt moratorium, a route in the league of the world's which has solved neither Bra- wealthy countries. It is now

almost 100th on the list.
This comparison illustrates Negotiations began this This comparison illustrates week in Washington with the that, if Argentina's house is International Monetary Fund in order as President Alfonsin on new financial aid, but the claims, he can only be refer-fund's demands are the same ring to military matters. The as when help was first sought economic house is still in disin 1985: reduce inflation (now array; the president's political back up to 8 per cent a position though stronger, still month) by cutting back the suffers from inherent weak-bloated public sector, raise nesses for the remainder of utility tariffs and establish a his term he will have to keep more realistic exchange rate a wary eye on the military.

None the less, Mr Alfonsin is
The blame lies less with the right to find reassurance in Government's policies than the failure of the rebellion: with their implementation, though a bridge between civil-combined with the constant isns and the military cannot drain of funds caused by ser- be built in such a short time.

Good head. lively body

gravity). Martin, 55, may lack the subtler qualities of Sir Derrick, who is keeping the job of group chairman, but for after-taste tler qualities of Sir Derrick, scurrilous journals, the maga-who is keeping the job of group chairman, but for after-taste when she inquired whether and wallop he could scarcely be equalled among the upper was fine. The nameless member equalled among the upper ranks of management of the

plex and fraught operation which transformed its flagship Ind Coope Burton plant into a showplace of modern beer technology and working practices. However, his frank manner, which translated into an upand-at-'em attitude during the defence against the bid from John Elliott's Elders IXL in 1985, was considered a little too abrasive for delicate City

temperaments. Sir Derrick's hired advisers, and some of his own people, were dubious about Martin's suitability for presenting Allied's case to the institutions. He was deemed too little known in the City community, and his tendency to react impatiently to daft questions was thought a touch risky at such a delicate

While he will doubtless be properly introduced before he times prefer Bonn, sometimes takes charge of group Paris. At present the West Geroperations at the end of the mans are in the doghouse and year, it is to be hoped that in the French are the favourites, the interim his tetchiness is not The responsibility for the too much altered by closer association with the silkily urbane Sir Derrick.

Low punch

BSERVER

eration with Britain in a key area for Western defence strategy following the conclusion of the INF treaty.

If British enthusiasm for Allied-Lyons, is a vintage Chamonth's Business magazine the joint development of an air-launched nuclear missile has been noticeably less than of best bitter (1055 original With the low gunning metch.)

With the low cunning match-ing that of Fleet Street's more of the editorial staff said after-wards: "I hadn't the heart to ranks of management of the contrast said said start said aftercakes-and-ale group.

It was no mean task to perform a heart transplant on Allied's beer division. As managing director of Allied Breweries, Martin guided the complex and fraught operation

Two's company

This transformed its flagship.

■ The respective leaders of Britain, France and West Ger-Britain, France and West Ger-many appear almost to enjoy not getting on a trois in a per-petual game of playing one off against the other.

They are at it again. Presi-dent Mitterrand and a team of ministers are in London seeing Margaret Thatcher and her col-leaguest today. Chancellor Kohl

leagues today. Chancellor Kohl is paying a brief visit next week, but the more detailed consultations that are suppose to be a normal part of Anglo-German governmental relations seem to have been postponed indefinitely. Kohl and Mitterrand are in

regular contact. Indeed Franco-German relations remain close regardless of the political com-plexions of their Governments. British Prime Ministers some-The responsibility for this behaviour seems to me to lie largely in London which does

not want to put the triangle together.
There is one way, however, in which Kohl and Mitterrand could issue a polite challenge. They could formally and jointly invite Thatcher to take the ■ It remains to be seen invite Thatcher to take the whether Hans-Joerg Rudloff, pound into the exchange rate



"I would think an SDP del gate, of all people, could recognise a merger sign."

mechanism of the European Monetary System. Monetary System.

That idea has been discussed at diplomatic level in both Paris and Bonn, but the joint invitation has never been made. It would be good for Britain, good for the European Community and extraordinarily hard for Thatcher to refuse. If she did, it would be equally hard for her to blame the French and the Germans for suspecting her European credentials.

Cezanne fan

That part of the Local Govdictates that local authorities of Sir Lawrence Gowing, the artist and art historian.

ernment Bill, Clause 28, which must not promote homosexuality has come under the scrutiny Gowing, announcing plans for what sounded like a positively steamy exhibition of early Cezanne works at the Royal

Academy in April, had his audi-

ence on the edge of its seats

yesterday when he provided a trailer of what was in store.

With the skill of a Jackie Collins reaching the end of a chap-ter, he said: "It will reinstate Cezanne as a 19th century subject painter full of rampant sex-uality. Next slide please."

uality. Next slide please."

There was more to come.

Cezanne was a close friend of

Emile Zola and once painted

Zola's black marble clock.

Pointing to a slide of the painting, Gowing said: "I will not
conceal from you that the exhibition catalogue has much to
say about Zola and that that
relationship came well within
the provisions of clause 28."

Shultz shuttle

On Monday this week Hanna Siniora and Fayez Abu Rahme, a Jerusalem newspaper editor and a Gazan lawyer, were just two of the many thousands of Palestinians currently banned from travelling abroad on the grounds that they were a threat to Israeli security.

Siniora, calling for civil disobedience against the occupation, had restrictions on his movements while Ahn Palman

tion, had restrictions on his movements; while Abu Rahme was in Gaza City under a personal travel ban. Two days later they were in Washington meeting George Shultz, at the express request of the US Secretary of State. Siniora has long been the favourite "moderate Palestinian" of both the Reagan Administration and the Labour wing of the Israeli coglition wing of the Israeli coalition Government. Significantly, both he and Abu Bahme have in the past had the blessing of the PLO to take part in future talks with Israel. Shultz personally intervened at the highest level to relax the banning orders and telephoned Siniora to make sure

his papers were in order.

Abu Rahme, meanwhile, was at home in bed when he received a 2 am call from the Israeli military. Passes and papers were spirited together in a matter of hours in time for the flight.

To the point

Overheard in a Cambridge coilege court the other day, one

lhrough

Lazard Investors
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MR NEIL KINNOCK could be the best leader that Britain's social democrats have got. social democrats have got. Right now he runs the Labour Party and calls his creed democratic socialism, but whichever way you order the words they mean pretty much the same thing.

The differences are no

The differences are no greater than they were between Lilliput, where the practice was to break eggs at the smaller end, and Blefescu, ruled by Big-Endians. It is all there in Gulliver's Travels. (My edition has a learned introduction by Michael Foot, whose disastrous leadership whose disastrous leadership. introduction by Michael Poot, whose disastrous leadership of the Labour Party precipitated the defection of its right-wing "social democrats". in 1981.) Gulliver records the publication of many hundreds of large volumes on the controversy between the Little-Endiage and the Pig. Fordiers. Endians and the Big-Endians. Social democratic/democratic socialist opponents of the socialist opponents of the British Conservative Government's mix of populism and old-fashioned economic liberalism have yet to acknowledge that an egg is an egg, whichever way you crack it.

Until they do, tiny social democratic politicians will continue to rue round like ants heneath the steady tread

ants beneath the steady tread of Mrs Margaret Thatcher. Last weekend the Liberals decided to rename their party the Social and Liberal Demo-crats in the hope that, this weekend, the Social Democratic Party will vote to join them. The common expecta-tion is that it will, but that Dr tion is that it will, but that Dr David Owen will lead a splin-ter group of his own (the Bit-ter-Endians?), into the palm of Mrs Thatcher's hand. If things work out that way Mr Kinnock will be in luck. His chance of winning some

kind of co-operation from the new party will be greater if it does not contain Dr Owen and his followers, since one of the doctor's principal ambitions appears to be to destroy the Labour Party. The received wisdom among the opposition parties is anyway that the factions cannot abide one another, so one of them — Labour, Social and Liberal Democrats, or Dr Owen's new party - must flatten the rest before going ahead to defeat

The state of the s

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understood is the extent to which the minor parties would have to be crushed if Mr Kinnock alone is to stand Paddy Ashdown or Dr Owen or any of the other putative social democratic leaders ach-Labour has managed a compa-rable turnaround only twice nurses next week. before – first in the excep-

Politics Today

Looking for the last exit from Lilliput

By Joe Rogaly

tional 1945 election, and then again in 1964. On the first occasion the Liberals won less occasion the Liberals won less than a tenth of the vote. On the second they won just over a tenth, in large part as a result of defections from the Conservatives who had won so handsomely in 1959.

Now it is possible that third, fourth and fifth parties of the Lilliputian "centre" will of the Lilliputian "centre" will do such great damage to one another's credibility that their combined vote will shrink below the 10 per cent

Mr Kinnock knows what has caused the loss of trust.

mark, but so far there is no sign of that happening. It is unlikely to happen what is not so widely nderstood is the extent to hich the minor parties ould have to be crushed if Kinnock alone is to stand chance of overlands when the trade of the content in trust in Britain's Labour party is that it has been overland to their sexual preferences, or suffer discrimination on the ground of colour or gender producers in an age when consumers reign. The new model party that Mr Kinnock is tryunions disgraced themselves and their sexual preferences, or suffer discrimination on the ground of colour or gender producers in an age when consumers reign. The new model party that Mr Kinnock is tryunions disgraced themselves ing to create is away that the create is away that the create is away to be crushed if the create is away to be crushed in their sexual preferences, or suffer discrimination on the ground of colour or gender producers in an age when consumers reign. The new model party that Mr Kinnock is tryunions disgraced themselves and their sexual preferences, or suffer discrimination on the ground of colour or gender producers in an age when consumers reign. The new model party that Mr Kinnock is tryunions disgraced themselves and their sexual preferences, or suffer discrimination on the ground of colour or gender producers in an age when consumers reign. The new model party that Mr Kinnock is tryunions disgraced themselves and their sexual preferences, or suffer discrimination on the ground of colour or gender producers in an age when consumers reign. The new model party that Mr Kinnock is tryunions disgraced themselves and their sexual preferences. until more people come to trust the Labour Party again. Mr Kinnock, who is wiser erase the memory, but he is as he does from both Wales trying to prevent any such thing from happening again. On Wednesday, for example, he persuaded Labour's the available national executive not to vote in support of a chance of overturning the were prevented from burying Conservatives' 101-seat the dead. Mr Kinnock cannot majority at the next election. erase the memory, but he is (To talk of Mr Steel or Mr trying to prevent any such in support of a strike by the tion are no longer common-

His success may be limited:

Labour can reel off a column of names of trade union leador hames of trade union lead-ers who are keeping their heads down and saying noth-ing to disturb the party's "new realism," but the nurses are not yet safely on board. All this is in sharp contrast to Australia, where the Labor Australia, where the Labor Prime Minister, Mr Bob Hawke, enjoys the support of a highly-intelligent group of pragmatic and non-socialist trade union officials. They saw the light when they witnessed British when they witnessed British witnessed British witnessed British when they witnessed British w

saw the light when they witnessed Britain's unions being crushed by the Tories, whose 1979 victory was in large ence has driven so many measure a consequence of the winter of discontent. As a result everything is upside-down Down Under: it is Labor that has won the taguments, while the conservative opposition is lost and forlorn. Britain's trade unionists have not yet received the message, although Mr Kinists have not yet received the message, although Mr Kin-

His own pet phrase, "accentuate the positive," enables him to acknowledge the need for consumers' choice in all areas

self a great deal of good by concentrating on the third cause of distrust of the Labour Party: infiltration by Marxist and Trotskyite or "Militant" activists. The pro-cess started before the 1987 election, and only this week the national executive committee suspended the South-wark and Bermondsey con-stituency party. There will be more such public rows, the effect of which will surely be to affirm that today's Labour

undoubtedly does, that people should not be persecuted for

hard to put these matters right. The "Labour Listens" campaign, started on Monday and scheduled to run for two years, could be construed as a means of getting party activists to listen to ordinary people's views. The move towards one-man-one-vote in the constituency organisa-

further. He has, however, grasped hold of the party machinery, acting like a combination of chairman and chief executive; to those who complain that this is "dictatorial" the proper reply is that if Labour cannot demonstrate that it can put its own house in order it will never convince anyone that it can run the anyone that it can run the country. His passionate par-

DEMOCRATIC SOCIALISM

The next step would be a convincing economic policy

liamentary attacks on the Government's management of the National Health Service

have demonstrated that by

focusing on a serious issue of general concern Labour can hope to grasp the initiative (although the Prime Minister is no pushover; she has responded swiftly by bringing reform of the health service to the forefront of her own agenda).

Labour's unthinking Left is still trying to gang up on him; it always will. There may even be a contest for the leadership of the party, although last week Mr Kinnock was successful in brushing aside an attempt to campaign against his deputy, Mr Roy Hattersley. Events of this place, tions was a compromise; Mr Most of the Labour "move- is wha Mr Kinnock has done him- Kinnock should have gone ment" seems to be aware that remain.

there is no present option but to follow Mr Kinnock.

This is not to say that he will lead them into the prom-ised land of electoral victory. Too much has to fall into place for that to happen, at any rate in one go. But let us say that the new Social and Liberal Democratic Party eventually sees the sense of an accommodation with Labour and that Mr Kinnock grows to sufficient political stature to arrange one. (At present he will not hear of such a thing). The 1987 Labour Party election mani-festo would probably have suited the original Social Democratic Party, except on defence; next time Labour will almost certainly abandon the commitment to unilateral nuclear disarmament.

The next step would be to find a convincing economic policy, one that assured potential voters that the prosperity that Mrs Thatcher had made possible would not be taken away. All the social democrats are a million miles from such a policy at present; but you never know, Mr Kin-nock's policy review may produce a miracle. Labour-plus-social democrats might then do quite well, especially if the Tory Government is first shown to be at a loss about how to make use of the fruits kind will provide grist for of the market economy. In those parts of the press that short, Mr Kinnock's chance is are on permanent watch to slim, even if he does all the report Labour unfairly, but right things. But if the opposithey are unlikely to have tion parties continue to much effect beyond that. behave like Lilliputians, that

Lombard

In praise of improvidence

By John Plender

ONE OF THE more curious the US has pretty well dou-features of recent interna-tional economic diplomacy has been the determination of Mr Nigel Lawson, the British Chancellor, to lecture the Americans on the need for fiscal prudence. Such exhorta-tion almost invariably irritates more than it persuades. past year, to cast aspersions and in the light of this week's on US economic policy - fourth quarter figures for the US economy, it seems pertion Japanese investment port-

The picture that emerged was one of unexpectedly weak consumer demand, with sales falling well short of outpersonal sector is already releasing resources to facili-tate trade adjustment, who outside the United States will take the strain? For the inevitable counterpart of a reduction in the US deficit is a deterioration in trade bal-

The question surely has a certain piquancy for Mr Law-son after yesterday's less than buoyant UK trade figures. And it is scarcely are subjected to official guid-designed to gladden the heart ance, it becomes perfectly logor the West Germans, who have never shown any desire investments as an appropriate to occupy the role of conloss leader for Japanese of the West Germans, who have never shown any desire to occupy the role of con-sumer of last resort in the world economy. Their parti pris has always been to attack the US for doing just take a leaf out of the Japathat, while simultaneously nese book by encouraging its exploiting the resulting industrialists to go bargain export opportunity to bolster hunting in the US and its their own flagging growth. investors to believe that the Europe, of course, remains dollar really will be held at the destination for the greater the present level. Maybe polpart of the West German icy inertia in a preside

The US market is even more important for the Japanese Yet they have become notice US economy, it seems pertinent to ask whether it really is in the British or European interest to see the Americans abandon their allegedly improvident ways.

despite the damage wrought on Japanese investment port-folios by the devaluation of the dollar. All this may offer a clue to the likely pattern of trade and capital flows in 1988.

One interpretation of the October stock market crash is that the market was respond-ing to the prospect that a US current account deficit run-ning at \$150-160bn was impossible to finance. Private sales falling well short of output. As a consequence business inventories have been piling up at a rate that clearly implies sharp production cuts in the first quarter of this year. Taken together with strengthening exports, this raises the possibility of a more marked improvement in the trade balance than most forecasters have been counting on to date. If US fiscal policy were to be tightened just at the point when the personal sector is already pean Community has the potential to make much impact on the Japanese problem; and it seems unlikely that it has the political urge

It follows that Japan has a powerful interest in a relatively slow adjustment to the US-Japanese trade imbalance. With its consensual tradition, and a financial structure in against over-rapid adjust-ment. Perhaps Europe should Most of the Labour "move- is what they will certainly ment" seems to be aware that remain.

export effort. But the share election year has its virtues of German exports going to after all.

City job losses will continue

From Mr Stephen Johnson Sir, Dispute over the numbers employed in the City - 230,000 suggested by Mr Stephen Lewis of Phillips and Drew, 220,000 suggested by Mr Amin Rajan of the Institute of Manpower Studies, or the more widely quoted 450,000-500,000 obscures the point about pro-spective City job losses. It is not the figures, but the propor-tions of the job loss that are

I believe that job losses in the sector will continue for some years, and probably accelerate. The process is because of the progressive application of established technology to improve productivity – itself a result of intensifying pressure to reduce costs.

Few would deny that compe tition is increasing not only in stockbroking, but in other deal-ing sectors; in insurance, as well as in home and foreign banking. No longer confident that volumes will inevitably increase, firms seek to reduce costs: inevitably this means people and premises. Conse-quential job losses will occur as firms cut down on external services. (One can choose whether to call these "City" or "non-

City" jobs.). There is nothing novel in what is happening in the City. The financial services sector's concern with services, not products, does not exempt it from recognisable trends in other sectors: the "back room" is as exposed to new technology as the secondly line.

Clearly identifiable pressures require City managements to plan constructively for signifi-cant potential job losses.

Stephen Johnson. Coults Career Consultants, 25 Whitshall, SW1

Letters to the Editor

Specialised help is required

From Mr Richard Bullock. Sir, Your leader of January 15 questioned the decision, announced in the Department of Trade and Industry White Paper, to continue with selective subsidies for inward investment, and drew attention to the adverse impact on unsubdised competitors.

Your recognition of this is welcome. It is a point we have repeatedly had to draw to the attention of ministers of this and previous administrations, who have all too often ignored in their understandable desire to create new jobs in areas of high unemployment - the lon-ger term displacement effect on existing jobs in established companies, and their plans for expansion.

There is a direct link between

this matter and another deci-sion trumpeted in the White Paper: the ending of "sponsor-ship" and "industry divisions." As a former practitioner in this field, I do not recognise the description of sponsorship which is used to justify its extinction: in my experience, sponsorship was by no means a matter of claiming responsibil-ity for the "destiny" of particu-lar sectors of industry nor of supporting their claims right or

it involved having a good enough understanding of the nature, problems and structure of an industry, and knowledge of its leading figures, to be able to make an informed judgement of the effects on that industry of government policies, and to ensure that these were under-stood by those taking decisions

As the White Paper itself says: The way in which these policies are pursued, and the instruments used, can have a major and sometimes an unintended impact on business and enterprise. There is a need to influence the implementation of such policies so that they help more, or interfere less, with the essential process of wealth cre-ation". The last sentence can hardly be bettered as a defini-tion of the need met by the onsorship function.

It is unreasonable to expect civil service experts on, say, tariffs, or health and safety, to have a sufficient understanding of the widely varying impact of decisions in such fields on dif-ferent sectors of industry to be able to avoid the risk of "an unintended impact."

If the decision to abolish sponsorship by industry divi-sions means that the DTI will no longer have staff with a spe-cialised understanding of particular industrial sectors, then I fear the number of "unintended" and damaging consequences of Government actions and inactions is likely to increase - to the detriment of Lord Young's ambition that his "Department for Enterprise" should assist the process of "increasing prosperity' throughout the economy.

Richard H.W. Bullock, Electronic Components Indus-try Federation, 7-8 Savile Row, WI

Nato policy is being reviewed

From Mr William C Danvers. Sir, Mr Robert Mauthner's article, "Nato policy is ripe for review" (January 19), clearly North Atlantic Treaty Organi-sation (Nato) must begin a

ment cases, but across the whole range of government poliwhole range of government poli(NAA) has undertaken a study
(NAA) has undertaken a study of the future of the alliance. Headed by Senator William Roth of the US, it will, among other things, examine the role of Nato into the coming cen

I hope that this report, due to be released in the next few months, will serve as useful a function as the Harmel Report an analysis of "The Future Tasks of the Alliance", adopted by the allies in 1967. As Stan Sloan wrote in his base of the Stan Sloan wrote in his stan Sloan wrote stan Sloan wrote in his stan Sloan wrote loan wrote in his book, Nato's Future, the Harmel Report "provided an intellectual and political framework for Nato policies which accommodated the growing split in the alliance between left and right."

Perhaps the new North Atlantic Assembly report can help bridge the gap between the present dichotomy confronting Nato: apathy versus commit-ment to the alliance. In any case, having such a study from the Assembly, an international organisation consisting of Nato countries parliamentarians, will guarantee that the political dimension of the debate over dimension of the debate over Nato's future will receive its proper emphasis. In addition, the NAA's secretary general, Dr Peter Corterier, a former mem-ber of the Bundestag and Minis-ter of State in the West German Foreign Ministry, has a keen understanding of Nato's prob-lems.

William C. Danvers Arlington, Virginia 22204, USA.

European Telecom Organizations ask you: Complicated business communication or Teletex?

"The expenses for the horses are high, but necessary; to bath them in wine and other expensive things for example."



political agent Peter Paul Rubens to the Duke of Mantua, 1603.

We don't know whether the borses that delivered this message had also bathed in wine. It is certain, though, that such business correspondence for Rubens was very complicated and time-consuming. And many people have his problems even today.

In order to change this, some European and Overseas Telecom Organizations have joined forces to present Teletex. Today Teletex is a young and very efficient worldwide communication service. It makes desk-to-desk direct electronic correspondence a reality. With the same quality and text layout as in an advanced word processing system and in the document's original format. Teletex operates automatically around the clock, crossing all frontiers and time zones.

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TELETEX the electronic business correspondence

W Deutsche Bundespost

Bureaucrats left by ministers to play God for too long

From Mr Hugh Corbet. Sir, Harry Shutt probably enjoyed writing his letter about the report of the Trade Policy Research Centre's study group on "Public Scrutiny of Protection", headed by Olivier Long, the former Director-General of Tar-

Report.

Dr Long's study group has not suggested that the determination of public assistance to industries in competitive difficulties "can be left to some the former Director-General of the General Agreement of Tariff and Trade (GATT). It can be fun taking swipes at people one does not know about things one knows little or nothing about.

His remarks (December 31) have only just been drawn to my attention after returning from the Far East, where we convened in Bali on January 8-10 the fourth Asian-Pacific trade conference at which, incidentally, ministers and officials responded very positively to the proposals in the Long Report.

"Few would dispute" — Mr Shutt says he is not argunation of public assistance. Mr Shutt says he is not argunation of public assistance. Mr Shutt says he is not argunation of public assistance. Mr Shutt says he is not argunation of public assistance. Mr Shutt says he is not argunation of public assistance.

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In Shutt says he is not argunation of public assistance to industries in competitive difficulation of public assistance.

In Shutt says he is not argunation of industries in competitive difficulation of requirements and provide interests. On the contrary, its of regulation and negotiation.

What the Long Report has suggested is that ministers and officials industries i

debate on economic policy issues generally. In this particular instance, however, Mr Shutt has not troubled to inform himself, for he obviously has not read the Long Report.

The Long's study group has no consumers and taxpayers), of the proposed taxpayers, of the proposed taxpayers, of the proposed to the consequence of the proposed taxpayers of the public enquiry development of nations. In the meantime, though, it should be noted that the main taxk of governments in the Uru-

culties "can be left to some that the benefits of interna'politically independent' review agency uninfluenced by vested interests." On the contrary, its report argues that decision-taking should be left to ministers. What the Long Report has would be able to make betterthat process? When Mr Shutt importantly, to screw up the informed decisions if, first, an ,can answer that, beyond just they might actually have

public assistance.

Mr Shutt says he is not arguing for narrow, autarkic protectionism, but for recognition that the benefits of internainternational trade and competitions.

they might actually have believed they were working.

Hugh Corbet.

FINANCIAL TIMES

Friday January 29 1988



A space mission to Mars is not far away, writes Peter Marsh in London

Soviet Union reaches for the stars

is poised to produce a range of valuable scientific expertise. especially in the field of medi-cine, and could lay a firm foun-dation for a manned voyage to

Mars.
Unlike the US, whose own space programme has suffered a series of serious accidents and technical delays and has only recently been authorised to start construction on a permanent manned space station, the Soviet Union has consistently been setting records for space flight.

Western experts are speculating that a manned Mars mission

ing that a manned Mars mission could be attempted early next century: a three-year round-trip for which information on how the human body would react to long periods of near-weightless-ness would be vital.

Meanwhile, the Soviet Union is gathering important informa-tion in a range of medical areas such as bone disease and the ageing process by keeping people in space for progressively longer periods. This research has, during the past two years, pulled shead significantly from

the US effort. Last month, Mr Vladimir Titov and Mr Musa Manarov, two Soviet cosmonauts, took over occupancy of Mir, the country's current space station, where they are expected to remain until the end of the

The spacemen are likely to try and beat the new record for remaining in orbit, set up by Mr Yuri Romanenko, another Soviet cosmonaut, who returned to Earth on December

29 after 326 days in space. Since the Soviet Union launched Salyut-1, its first space station, 17 years ago Soviet spacemen have remained above the atmosphere for an equivalent of 14 years. Beginning with the first long-dura-tion space flight of 62 days in 1975, the country has kept its citizen in orbit for progres-

sively longer periods.

The Soviet Union has launched a total of seven space stations in the Salyut series together with the Mir base, which is intended to be permanently occupied by a rotation of crews. Mir was launched in February 1986. Since the 62-day flight 13

fewer than seven occasions.

The Soviet record is in marked contrast to America's manned space efforts, which have came to a halt after the Challenger space shuttle disaster exactly two years ago yesterday. America's astronauts have clocked up about 1,800 days in orbit since manned launches started in 1961, or roughly a third of the Soviet

Union's total.
One of the Soviet Union's chief goals in building up space base which could be in expertise in space flight orbit in the mid-1990s. appears be a preparation for a manned trip to Mars, according scientist who has written sev-

US sets date for launch of space shuttle

The US hopes to launch the next space shuttle on August 4, Reuter reports from Washington.

A series of test failures has twice forced the National Aeronautics and Space Administration to postpone the launch date for the next shuttle mis-

But Mr Richard Truly, Nasa's associate adminis trator for space flight, defended the time it has taken to put the shuttle programme back into opera-tion.

"It has clearly demonstrated that we have struck the proper balance between our first priority of safety and quality while still maintaining our commitment to return the space shuttle to flight just as quickly as we can reliably do so," he told a Congressional committee. • In Washington and throughout the US quiet ceremonies took place yes-terday to mark the second anniversary of the Challenger disaster.

Yari Romanenko (right), the Soviet cosmonaut, who spent Il months in space

to Mr Nicholas Johnson, a lead-ing US commentator on the Soviet space programme. Mr Johnson, advisory scientist at Teledyne Brown Engineering, a US aerospace company, said that to some degree staging progressively longer space flights conflicted with

An important aspect of the Mir space-station missions is a series of experiments, including measurements of the human body's adaptation to weightles-snesss, studies of processing low-gravity materials and observation of the Earth.

years ago, the country has beaten its own record for long-stay manned space flights on the stay in the optimum time for a stay in orbit is about three months, After this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in orbit is about three months, after this boredom sets in the optimum time for a stay in the optimu do jobs like attending to the experiments and essential sta-

tion maintenance.
The difficulties are increased in a small space station like Mir, a metal cylinder roughly 13 metres long and 4 metres in

Mir is extremely cramped and there are few opportunities for relaxing other than reading or gazing out of the window. It is believed that the Soviet Union is working on a much roomier

Days in Space USSR Cosmonauts:Total 5074 85 87



eral books on the Soviet space mation of possible value to programme, said the Soviet medical researchers on Earth.
Union was poised to make The institute is discussing Union was poised to make The institute is discussing important discoveries in bio- with the Soviet Union how it

In space flight, scientists have the chance to study basic aspects of physiology with the force of gravity removed. In the process they may shed light on areas such as the functions of the lung and heart and cell-replication procedures.

As for other areas of research which the Soviets' extraterrestrial efforts are affecting, the country's space engineers appear to be placing great stress on materials experiments. In these, cosmonauts are lication procedures.

Other information may be gained about medical conditions like osteoporosis - a bone dis- ultrapure semiconductors am ease caused by loss of calcium new types of pharmaceuticals. Space scientists agree that which affects many older

> bones. Efforts to combat this, either by drugs or by carefully formulated periods of exercise, could help the battle against bone disease on Earth.
>
> According to Mr Oberg, the Soviets are likely to share much

> soviets are likely to share much of the medical information from space flight with other coun-tries. "They are blazing a trail for the world," he said.

Dr David Grundy, deputy director of the Institute of Space Biomedicine at Sheffield University in the UK said that each extra day a Soviet cosmo-naut remained in orbit would tion from the realm of space provide fresh biomedical infor-researchers

medicine as a result of its mis- could collaborate in efforts to apply some of the biomedical

data from space.
As for other areas of research ments. In these, cosmonauts are attempting to produce, under low gravity, substances such as ultrapure semiconductors amd

which affects many older

Some of the results from such
studies could, in theory, provide insights into fundamental for long periods also suffer a processes related to the produc-loss of calcium from their tion of materials on Earth. In this way, the Soviets might be expected to have the opportunity to improve some aspects of their industrial operations.

However, according to Mr Peter Smoiders, director of the Zeiss Planetarium in Amsterdam and a well-known commen tator on the Soviet space pro-gramme, deficiencies in the way Soviet society is organised were likely to reduce the benefits of the space programme. He said the Soviet Union still

had to organise efficient mechanisms for transferring informa

Bulgaria heeds signs of Kremlin disapproval on reform

disapproval has disrupted Bul-garian plans for more economic garian plans for more economic restructuring emerged yesterday in Sofia as the party began a two-day national conference. President Todor Zhivkov, the party leader, was expected to open the conference with a report urging further reforms, based on a radical programme unveiled during a central committee plenum last July.

But Mr Zhivkov's opening report and speech totally failed

report and speech totally failed to clarify the present status of the restructuring programme and made little attempt to clar-ify the confusion surrounding

The plenum, radical by East European standards, was to have heralded in a new era of reform, but it has run into diffi-

Mr Mikhail Gorbachev, the Soviet leader, was reported to have been taken aback by the

scope of Bulgaria's programme and by the fundamental questions it raised about the leading role of the party.

The first signs of Soviet disapproval emerged last October when Mr Zhivkov made an unconstant of the product of the party will to unexpected one-day visit to Moscow even though he was to meet Mr Gorbachev the same month for the 70th anniversary celebrations of the 1917 revolu-tion. Mr Zhivkov returned to Bulgaria and quickly set about toning down the language and pace of the reforms, using markedly more cautious lan-guage at a November central

ommittee meeting.
Mr Emil Hristov, Central Committee Secretary of the Bulgarian Communist recently told Moscow News that the whole reform process "would take years." Considerable confusion years. Considerable Continuous still exists as to how the reforms are to be implemented.

The media has not helped clear up the confusion. Late last year the authorities criticised the media for its lack of glasnost or openness. But as gourness or openness. But as soon as Bulgarian television and Trud, the trade union paper, began singling out cases of mismanagement and ineffiof mismanagement and ineffi-ciency, Rabotnicheso Delo, the party paper, hit back by accusing sections of the ctions of the media for

The two-day meeting, origi-nally scheduled for December, was postponed in October when officials indicated significant internal party disagreements

over the reform programme.

Mr Yordan Yotov, a member of the Polithuro, denied yester day that Mr Gorbachev had ordered Mr Zhivkov to slow down his reforms which have strongly emphasised the so-called "self-management" of factories by workers and plant

The Soviets and Bulgarians were "in complete agreement" over the pace of change in this nation of 8.9m, Mr Yotov added. Soviet officials in Moscow often refer favourably to Bulgaria as a model for the reform of Eastern bloc econo-

mies.
Bulgaria, traditionally
Moscow's least restive ally, has pushed economic change shead of political and cultural reforms. Mr Yotov indicated that these priorities will remain

after the conference. Mr Zhivkov also said: "No on should be allowed to hold the same elective posts for a long time." He has been party chief for 34 years.

for 34 years.
"It is proposed," he went on,
"that from now on senior
elected party posts – from the
general secretary of the ...Bulgarian Communist Party down garian Communist Party down to the secretary of a grassroots party cell — be held for two, and by way of exception, three successive terms." He did not say how long a term should last.

A move to limit the length of the party chief's tenure would be highly unusual in Eastern Europe, where communist lead-ers have normally served for life, or until they fell out of favour. Mr Zhivkov, the Eastern

bloc's longest-serving leader, said that such changes to party rules would first have to be approved by the next full party Congress.
Mr Gustav Husak, the Czecho-

slovak leader, who at 75 is a year younger than Mr Zhivkov, resigned last mouth as party chief, remaining only as president. Diplomats have said that Mr Husak, who was reported to be in poor health, clearly felt out of his depth in the wash of reforms in Eastern Europe since Mr Gorbachev came to

Mr Zhivkov, by contrast, has been the main driving force behind Bulgaria's reforms, which so far have focused on the economy. But diplomats also say the changes have caused deep confusion among many managers and administra-tors over what they can and

cannot do, Mr Zhivkov appears to have recognised this and accepted that the pace of reform should not be as rapid as in the past.

THE LEX COLUMN

Arco scores on the rebound

The equity market's ability to move higher on a day when it was disclosed that the UK current account deficit was running at an annualised rate of \$660, or nearly twice the 1988 Sobn, or nearly twice the 1985 forecasts, is a confident gesture, especially since it was accompanied by a healthy recovery in volume. The softer trend in interest rates on both sides of the Atlantic is clearly

Oil bids

Arco has invented a new improved version of the arbitrage game. The aim is to get rich playing the arbitrageur in one hid battle, and then redeploy the profit in another, this time bidding to win. Arco is proving itself no mean confestant: the likely profit of £130m plus on its Britoil stake can now be used to offer an unbeatrable price for Tricestrol (see the context of the price for Tricestrol (see the context of the con able price for Tricentrol (a much more suitable target anyway) at almost no extra cost to its shareholders. Assuming—as would seem inevitable—that Arco follows yesterday's heavy market purchases with a full bid, the game must be up for Elf. Having been silly enough to say that the shares are only worth 68p, it will find it very difficult to return with an offer worth more than three times as

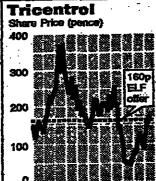
much.

Meanwhile, BP might feel none too happy about financing the acquisitions of a competitor, were it not for the fact that it is sitting on a similar price advantage in its bid for Britoil – a contest which it is still odds on to win. Britoil's defence document has come far too late to ument has come far too late to cut any ice with its largely cut any ice with its largely irrelevant profit forecasts. Instead it should be seen as an emergency prospectus and sent to British Gas, with which Britioil's only realistic chance of escape must lie. Yet despite its desire to return to the North oil's only realistic chance of fact. The problems, though, are escape must lie. Yet despite its formidable; a forced seller on a desire to return to the North Sea, and its anxiety to prevent one company winding up with such a large proportion of UK game, and there is still the possuch a large proportion of UK game, and there is still the possuch a large proportion of UK game, and there is still the possuch a large proportion of UK game, and there is still the possubly. British Gas may intervene on any individual well bank at paying more than

Government might still inter-vene and call the whole thing off evidently counts for little.

Dee Corp Against the odds, it starts to

bok as if Barker & Dobson's away. The institutions would bid for Dee is in trouble, then have to settle down to get-Despite Dee's gloomy forecast ting satisfaction out of Mr of a 15 per cent fall in this Monk over the long baul.



1978 80 82 84 86 88

less if the gearing went wrong. Extra cash would only increase the pressure on the equity, and extra paper would only be more

of the same.

The best way for B & D to get round this would be to come up with evidence that the \$750m value being touted for Dee's superstores is achievable in fact. The workless through an

This is not to say that stick-This is not to say that stick-ing with Dee is attractive. A regards the game as as good as fast rebound in earnings does over, to judge from yesterday's not seem to be on the cards, if price of 479p. The risk that the only because this year's fast rebound in earnings does not seem to be on the cards, if only because this year's sharply higher interest and tax charges will be up again next year. But at 200p Dee is on only 13 times forecast earnings and a yield of 6.5 per cent, so the downside should be limited even if B & D were to walk away. The institutions would then have to settle down to get-

Ivory & Sime

lvory & Sime gets top marks for ingenuity, but investors may find its proposals for restructuring £300m worth of its investment trusts too Cever by half. The initial reaction of the institutions yesterday was that the plethors of choices offered under the proposals was more a burden than a delight. And the private shareholders whom Ivory & Sime hopes to woo back to the investment trust sector hight be forgiven for challenging the havestment trust sector might be forgiven for challenging the company's description of the scheme as "simplicity itself." Even if they get beyond the stage of admiring incomprehen-

sion, there is a more serious less of faith to be made. The year's earnings per share, the structure of the offer remains stubbornly unattractive. The institutions are faced with an unenviable decision; they owe no particular favours to Dee's Mr Alec Monk, but they have to calculate whether the best calculate whether the best chance of getting their money back lies in sticking with the devil they know.

Although B & D has until next Friday to increase its offer, it is in something of a logical impasse. For any share holder who stumped up 278p a share for Dee's last cash call, the chief objection to the pressent hid is that B & D is offering only 140p in cash, plus paper which could at worst be valueless if the gearing went wrong Extra cash would only increase

I wore than ingenuity to head off the predators.

Unit Trust prices

Unit Trust prices

The DTI's new rules on the pricing of unit trusts are a welpricing of that traits are a wer-come compromise. The existing pricing mechanism gives an unduly wide spread between the maximum and minimum prices at which managers buy and sell their units, while the SIB's proposal to price units on a "forward"; or next available valuation, basis was attacked because many smaller investors like to know the exact prices at which they are dealing. Under the old system, where prices tions, there is room for profes-sional managers to profit at the expense of other unit holders. While the new rules sllow managers to continue offering units at the last price calculated, they should curb the grosser types of profits which have sometimes been made by the more irresponsible managers.
However, the DTI has ducked
the really sensitive question of
whether UK fund managers should follow the US example and stop making markets in their own units.

UK-Irish setback after court ruling on bombing

BY ALAN PIKE AND KIERAN COOKE IN LONDON

duced into Anglo-Irish relations then into allegations that the last night after the Appeal RUC had operated a shoot-to-Court in London dismissed appeals by six Irishmen against their convictions for the murder of 21 people when a bomb Irish Prime Minister, has indicated his Government's depiction and the decision not proceed that the decision not proceed the cated his covernment's depiction and the decision and the last time and time an

was planted in a Midlands public house in 1974.

Mr Gerry Collins, the Irish Justice Minister, said he was a mazed and very saddened at the outcome and hoped his Government would make a request for clemency to Mr Douglas Hurd, the British Home Secretary.

The Court of Appeal's decision that the original guilty verdicts in the Birmingham public house bombing case were safe and satisfactory comes at a parwing after the decision whatever confidence the

ticularly delicate time in don's relations with Dublin.

British judicial procedures tice."

Critisism of the Court of Critisism decision was not

have been under great critisism of the Court of on both sides of the Irish border recently.

Fresh intensity was introduced this week with the announcement by Sir Patrick Mayhew, British Attorney General, that it would not be in the were unsound say they will enterest for prosecutions continue their efforts. eral, that it would not be in the were unsound say they will public interest for prosecutions continue their efforts.

The six men intend to seek leave to appeal to the House of for seeking to pervert the Lords.

Analysis Personners

World Weather

NEW TENSIONS were intro-duced into Anglo-Irish relations tion into allegations that the

and satisfactory comes at a par-ticularly delicate time in Lon-don's relations with Dublin. Ireland may have in British jus-

64 Rhodes 64 Rio de Jo 60 Rosse - Sutthing 61 Secrit



Egyptian President Hosni Mubarak (left) was yesterday assured by US President Ronald Reagan that Egypt had full American support for its Middle East peace initiative, Reuter reports from Washington. "We are partners in this endeavour," Mr Reagan said on welcoming Mr Muharak to talks at the White House. The Egyptian leader, reflecting widespread criticism of the Reagan Administration for not taking a more central role in achieving a resumption of peace talks, indirectly urged Mr Reagan not to be distracted from the Egyptian initiative by US election-year politics. Mr Muharak wants the Palestinians in Israeli-occupied territories and the Israeli Army to halt their confrontations, and Israel to accept the idea of an international peace coference leading to talks with its Arab neighbours. Mr Reagan welcomed the moratorium proposal but appeared to suggest that there was no change in the US policy of supporting regional peace initiatives rather than taking the lead. Meanwhile, Jordan and the Palestine Liberation Organisation (PLO) prepared for a second round of talks after King Hussein of Jordan said he was ready to resume a joint approach to peace.

Ford faces strike in UK Continued from Page 1

more than the rate of inflation. The company's final offer, made on December 7, included an increase of 6.5 per cent in the first year with rises linked to inflation in the later years.

The company also withdrew The company also withdrew its requirement to introduce limited numbers of temporary workers to meet peaks in demand. It also agreed to defer negotiations over the introduction of group leaders who would be in charge of work teams on the shop floor.

However, the company stressed that it still needed to reach a three-year agreement which would allow it to introduce far-reaching changes in working practices.

Mr Jimmy Airlie, of the AEU Mr Jimmy Airlie, of the AEU engineering union and secretary of the Ford unions' negotiating committee, said: "We do not want a three-year deal and we do not accept the company's requirements . . We have said these issues should be pursued through parallel discussions."

Mr Mick Murphy, the Transport and General Workers' Union's national automotive officer and the unions' lead negotiator, said that, while the unions recognised a strike could be extremely damaging and could leave a legacy of bitterness which could affect the company for many years to company for many years to come, Ford was in a position to make an improved offer.

LEADING LEISURI £25,000,000 **Medium Term Loan Facility** COUNTY NATWEST Provided by NatWest Investment Bank Limited . Allied Irish Banks ple Bank of Ireland Banque Paribas (London) NM Rothschild & Sons Limited Canadian Imperial Bank of Commerce Standard Chartered Bank TSB England & Wales plo NatWest Investment Bank Limited & The NotWest Investment Bank Group

Friday January 29 1988



ELF AQUITAINE OUTBID IN MARKET AS BATTLE FOR UK OIL GROUP INTENSIFIES

Arco takes 14% Tricentrol stake

THE BATTLE over Tricentrol, the independent UK oil company, heated up sharply yesterday when Elf Aquitaine, the institutional investors and indirectly to institutional investors and indirectly through Kleinwort Griffer for the British concern, only to be outbid in the market by Atlantic Richfield, the US oil company.

Salomon Brothers, the US of increasing its international report by Robertson ERC, the independent oil consultant, Arco had attempted to build a presence in the North Sea earlier through a deal with Britoil, but has now abandoned this plan in the wake of BP's increased offer for the company.

Salomon Brothers, the US of increasing its international report by Robertson ERC, the independent oil consultant, while Elf said the company was presence in the North Sea earlier through a deal with Britoil, but has now abandoned this plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the company's plan in the wake of BP's increased offer for the company's plan in the company's plan in the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the wake of BP's increased offer for the company's plan in the

company.

Arco walked away at the end of trading with 14.6 per cent of Tricentrol, paying up to 180p (\$3.24) a share, and said it was considering the possibility of further increasing its holding.

A bid for Tricentrol by Arco is proved the possibility of the

cuts payout

as US side

By Andrew Fisher in Stuttgart

PORSCHE, the West German

The company, which has already begun short-time

Mr Heinz Branitzki, the new chairman, said that because of the added impact of the stock market collapse, turnover in 1987-88 would fall

from DM3.4bn to DM2.5bn, with car output down from 51,000 to around 31,000.

"You will not be presented with red figures at our next press conference," he added. But nor would the profit fig-

ure be "bombastic."
Porsche's finances, with DM370m of liquidity and no bank debt, were solid enough for it to weather three poor

years if necessary, he said.
The dividend cut from

DMI6 to DM11 on the quoted preference shares had not

preference snares had not been an easy decision to make, he said. The payout for the voting shares held by the controlling Porsche and Pieche families goes down from DM15 to DM10.

Mr Branitzki, a soft-spoken

man, took over as chairman at the beginning of this year after a surprise promotion from the position of finance director. He replaced the

more extrovert Mr Peter Schutz, who had taken Porsche more deeply into the

US market.
Porsche's heavy exposure

to the North American mar-

ket made it vulnerable to the twin effects of the dollar's fall and plummetting share prices on Wall Street. Mr Branitzki said high earners

Since November, US sales

had accounted for only around half of total turnover,

Porsche

weakens

shares.
Salomon Brothers had acted

A bid for Tricentrol by Arco is now widely expected.

More than 47m Tricentrol shares - half the company's equity - changed hands in a day of hectic trading while the price shot ahead from 160p to close at 187p.

Rumours that Arco was behind the buying gained currency early in the day when Arco said at the weekend that it would sell its stake to BP at a profit of nearly £134m (\$241m). Profit from the Britoil share deal would go a long way toward financing a bid for Tricentrol which, at 180p a share, would be worth £148.76m.

Arco said at the weekend that it would sell its stake to BP at a profit of nearly £134m (\$241m). Profit from the Britoil share deal would go a long way toward financing a bid for Tricentrol which, at 180p a share, would be worth £148.76m.

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pany.

The new swirl of interest in Tricentrol came as Elf announced its final improved offer for the company, at 160p a share, up from 145p. The bid was given a fair chance of suc-ceeding in the absence of a rival bid.

Elf yesterday had no comment on the Arco purchases, except to note that a high price had been paid.

Elf and Tricentrol had offer for Tricentrol until Februerngaged in a vitriolic verbal battle over the net value of Tricentrol's assets. Tricentrol put it at 234p a share, based on a should a rival bid emerge.

dramatic rise in the company's share price and said the Elf bid was inadequate.

Tricentrol had no comment on the stake-building by Arco, although the company was thought to be pleased that it had been in effect rescued from Elf, at least for the time being.

Elf, which has now accumulated an 8 per cent stake in Tricentrol, had extended its

Newmont Mining cuts debt with sale of Du Pont shares

BY KENNETH GOODING, MINING CORRESPONDENT, IN LONDON

natural resources company, has raised about \$353.7m by selling shares in Du Pont, the largest US chemicals group, helping reduce the debt load built up luxury sports car producer whose sales have been severely curbed by the weak-ness of the dollar and last last year when fighting off an unwelcome bid from a group led by Mr T. Boone Pickens, the October's worldwide stock market crash, said it would avoid making a loss this year, despite sharp falls in turnover and production.

corporate raider.
The cash reduced Newmont's debt from \$1.93bn to \$1.6bn.
The 4.15m shares were sold on the open market between January 15 and 25 and accounted for less than 2 per cent of the Du Pont issued

aiready begun short-time working, yesterday acted to strengthen group finances by cutting its dividend following a decline in net profits from DM75m to DM52m (\$31.1m) for the year ended July 1987.

Around 60 per cent of sales were made in the US.

My Heinz Branistic the new equity. Newmont also announced a boost in net profit last year, from \$74.2m in 1986 to \$341.8m, with sales increasing from \$380.8m to \$514m. Earnings per share rose from \$1.22 to \$5.32.

NEWMONT MINING, the US \$338m before tax for the sale confirmation of the deal.

natural resources company, has of shares in subsidiaries — Newmont has also begun disof snares in subsidiaries – including 25 per cent of its Australian offshoot – compared with \$43m in 1986.

The pre-tax income also reflected non-recurring charges of \$47.3m for 1987 and \$60.1m writes Chris Sherwell in Sydnares.

from \$380.8m to \$614m. Earnngs per share rose from \$1.22
to \$5.32.

Last year Newmont collected

The Chaptay is a pold loan which the partners – the Harbert Cor
would bring in about \$450m at
an interest rate of 1.5 per cent.
So far there has been no formal
\$34 each.

for 1986.

During the takeover battle,
Newmont paid a special dividend of \$33 a share and Consolidated Gold Fields, the UK mining finance house, built up its shareholding in the US group to 49.7 per cent.

Newmont said it expected to complete the sale of its Foote

Announcing its first results since being listed last June, the company said it produced 197,000 ounces of gold (up 68 per cent), improved turnover by 83 per cent to A\$122.3m (US\$87.3m) and increased net profits by 63 per cent to A\$58.4m.

49.7 per cent.

Newmont said it expected to complete the sale of its Foote Mineral subsidiary for about \$90m in the first quarter of this wear, to help reduce debt.

**The complete the sale of its Foote A\$58.4m.

I vanhoe Partners, Mr Pickens' group, reduced its Newmont shareholding from 9.9 per cent to 7.4 per cent when one of the partners – the Harbert Cornald I 66m Newmont at

Bell Canada shows 32% gain

the diversified telecommunications company whose subsidiaries include Northern Telecom, has reported a strong 32 per cent increase in fourth-share on revenues of C\$1.09bn or C\$3.91 a mines are exhausted. quarter profit. However, th

full-year earnings was much less impressive due to what Mr Jean de Grandpre, BCE's chairman, described as "difficult market conditions" in the year and 66 cents for the last

energy sector.
In its final quarter, the Montreal-based company posted profits of C\$340m (U\$\$267.7m) or C\$1.22 a share, compared with C\$258m or 94 cents in the corresponding 1986 period. Revenue edged down to C\$3.8bn from C\$3.9bn.

Fourth-master figures for the figures for the figures for the construction, gold property in northern Rrif.

BELL CANADA Enterprises, 1986 were hit by writedowns in Montreal.

against C\$1.02bn or C\$3.83 on

quarter, compared with C\$2.58 and 59 cents in 1986.

The project will cost C\$400m. structure. Cominco expects zinc production in 1988 to reach capacity of 300,000 tonne lead near a 135,000 tonnes

The zinc forecast would be up

\$3.8bn from C\$3.9bn. good progress in construction, gold property in northern Brit-Fourth-quarter figures for writes Robert Gibbens from ish Columbia.

Scott Paper moves ahead by 25%

BY OUR FINANCIAL STAFF

like dentists, doctors, or space engineers had decided to hold back on costly pur-chases after seeing their investments slide. and market leadership positions of our personal care and cleaning businesses worldwide and our printing and publishing paper business in the US." For the final three months

he noted. He denied that the big drop in US sales mainly reflected dented "Yuppie" reflected dented "Yuppie" incomes. Yuppies, he said, were "a vanishing minority" of Porsche customers.

In the first five months of the 1987-88 financial year, Porsche car sales were down

by 12 per cent to 19,000 cars.
The decline entirely reflected sales of its cheaper four-cylinder models. Total US sales were down from 12,000 cars to around 9,000. Mr Branitzki said Porsche

Mr Branitzki said Porsche intended to run down its stocks — now some 15,000 cars. including 8,000 in the US — and go into the 1988-89 financial year without a heavy backlog of cars. He declined, however, to talk about new model plans.

THE US Internal Revenue Ser-

counted affiliates abroad.
These brought in \$38.8m for
the year, more than double the
figure of \$17.7m for 1986,
while the \$21.1m for the final

SCOTT PAPER, the Philadelphia-based timber to tissues
group, boosted net profits by
more than a quarter last year
to \$233.8m, compared with
\$186.5m. Sales rose almost a
fifth to \$4.12bn, from \$3.44bn.

Mr Philip Lippincott, chairman, said the results, which
took earnings per share to
\$6.11 against \$4.96, "underscore the continued strength
and market leadership positions

expenses

while the \$21.1m for the final for the current year, Mr Lip-quarter compared with just pincott warned of "continuing \$1.9m. challenges in a very competi-scott attributed this mainly

Strong gain for General Dynamics

GENERAL DYNAMICS, the US defence and aerospace group, has reported fourth-quarter earnings of \$95.3m or \$2.27 a share, compared with a yearago loss of \$326.1m or \$7.64.

The 1986 period included a \$420m writeoff related to the purchase of Cessna Aircraft.

The company attributed its improved results mainly to the increased production rate of the F-16 fighter. Deliveries last year were 299, compared with

GENERAL DYNAMICS, the US
defence and aerospace group,
has reported fourth-quarter
aviation division showed benefits from restructuring under-taken in the past year.

craft and a \$644m contract for construction of the Navy's 15th Trident submarine were not included in the 1987 figure. taken in the past year.

General Dynamics said its funded order backlog at yearend was \$17bn, compared with \$16.8bn a year earlier.

The recent \$4.4bn contract award General Dynamics shares with McDonnell Douglas for development of the US Navy's Advanced Tactical Air-

IRS postpones \$6.5bn back-tax claim on Texaco

vices has decided to postpone its efforts to claim \$6.5bn in back taxes from Texaco until the oil company has left the protection of the bankruptcy the Arab American Oil Com-pany operating in Saudi Arabia - Mobil, Exxon and Chevron courts.
The IRS move, announced in court on Wednesday, clears the way for shareholders and credi-

tors to vote on Texaco's reorganisation plans in coming The oil industry and Texaco's

creditors were stunned two weeks ago when the IRS said

The prospect of such a huge of its back-tax claim. A Texaco extracted some huge back-tax claim threw into turmoil Texaco official said the oil group was payments after the reorganisation would emerge from bank- after the reorganisation would through on its financial plans.

Texaco might owe a huge sum in back taxes because of the way it treated shipments of Saudi Arabian crude oil. Texaco sand the three other partners in the Arabian texaco of the way from it in a bitter take the long voting process over battle.

Texaco expects its plans to be approved by the bankruptcy court shortly, so it can begin the long voting process by shareholders and creditors.

pany operating in Saluh Azaba

Mobil, Exxon and Chevron –
vigorously rejected the claim
and the logic behind it.

It was not immediately clear
whether the IRS move was a
ule, Texaco could emerge from
tactical postponement until a
more opportune time or the end
April. If, however, the IRS extracted some huge back-tax payments after the reorganisa-tion, it could adversely affect

Dow Chemical earnings Xerox profits double in fourth quarter advance to \$155m

XEROX yesterday reported a further rise in operating profits and sales from office equipment and financial services, its two main businesses, although a much higher tax rate reduced the benefits at the net level.

net level.

In the three months ended Becember, net profits rose to \$155m, or \$1.43 a share, from \$87m, or \$7 cents a year earlier. Revenues grew by 14 per cent to \$4.2bn from \$3.7bn.

Full-year net advanced to \$578m, or \$5.35 a share, from \$465m or \$4.28 on sales ahead 15 per cent at \$14.9bn against \$12.9bn. The 1986 net profits were hit by special items.

Net profits in 1986 from continuing operations, before the charges, were \$138m, or \$1.29, in the quarter and \$488m, or \$4.52, in the year.

ter and \$488m, or \$4.52, in the year.

Mr Paul Allaire, president, said. "Our full-year pre-tax profit was 41 per cent higher than than it was in 1986 but that growth did not totally flow through to proceed the server of the property of the server of the

not totally flow through to income because of a much higher effective tax rate."

Favourable foreign exchange translation of non-dollar results boosted revenues by 6 per cent in the year and 1 per cent in the latest quarter.

Full-year income from

Full-year income from business products and systems rose 5 per cent in the quarter to \$93m from \$88m and by 15 per cent to \$298m from \$260m in the

Revenues rose 10 per cent to \$10.3bn. Xerox said it improved its market share in all copier and electronic printing market segments. Income from financial services grew 24 per cent to \$62m from \$50m in the quarter and 23 per cent in the year to \$280m from \$228m. DOW CHEMICAL, the second every business segment and all

bow Chemical, the second largest US chemicals concern, more than doubled its profits in the fourth quarter, with a net income of \$352m or \$1.86 a share - 110 per cent higher than the \$168m or 88 cents earned a year earlier.

For 1987 as a whole, Dow's profits hit a new record of \$1.24bn or \$6.50 a share, 69 per cent above the previous year's \$732m or \$3.87.

Mr Frank Popoff, president, said he was delighted with the company's 'outstanding' performance and predicted that 1988 would see another record year, surpassing the latest of the geographical areas, Mr Popoff said basic chemicals and plastics were among

esults. the strongest performing busi-Sales and operating incomes ness sectors, while industrial were up during the quarter in special products showed little

1988 would see another record Mr Popoff said basic chemi-year, surpassing the latest cals and plastics were among results.

gain from the third to the fourth quarter. He noted, nevertheless, that fourth quarter results for industrial special chemicals were 15 per cent better than a year earlier in terms of both sales and profits.

Dow's operating margins also rose sharply. The ratio of oper-ating income to net sales, at 17.3 per cent, stood at the high-est level for more than a decade. However, the index of average selling prices was still lower than it had been before

Dow's capital expenditures rose by 11.8 per cent to \$995m in 1987, while research and development spending showed 10.7 per cent increase to

Broad upturn for Walt Disney

WALT DISNEY, the US entertainment group, lifted first-quarter net earnings from \$297.8m from \$262.3m, and specified in \$297.8m from \$262.3m, and operating profits were up 7 per \$19.5m, due principally to higher investment and interest income.

Segments.

Revenues from filmed entertainment rose 14 per cent to \$31.1m, from \$23.4m.

Total corporate expenses declined to \$13.6m from \$19.5m, due principally to higher investment and interest income.

MCA, another leading US film producer, lifted fourth-quarter net earnings from \$17.3m or 23 cents a share to \$21.8m or 30 already earned \$114m in boxoffice receipts, the highest level for a Disney film.

The theme parks and resorts segment saw revenues climb 7

segment saw revenues climb 7 per cent to \$385.7m, from \$359m a year earlier. Operating earnings picked up 12 per cent to \$57.5m, from \$53.7m.

ever for a Disney film.

In the consumer products segment, revenues rose 29 per cent to \$51.1m, from \$39.6m, and operating income was up 33 per

The Only-Gasel Chy-Gasel Chy-Gasel Chy-Gasel Start Chy-Gasel Chy-Gasel

Spanish banks unveil share issues

BY DAVID WHITE IN MADRID

BANCO DE Bilbao and Banco de Vizcava yesterday unveiled plans for free share issues, bringing their nominal equity capital to parity ahead of their merger, which will create Spain's largest banking group.

They also proposed 26 per cent increases in their dividends conjugated in the restages. Vizcaya's capital to Pta28bn (\$200m)

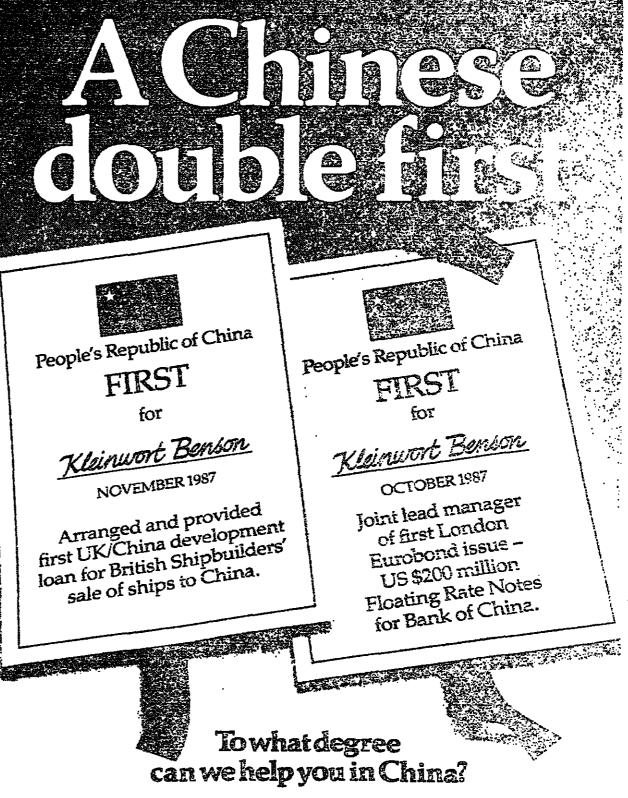
They will then be converted into Pta500 shares by providing extra shares - 1.7749 new shares for each old one. The exchange shares for shares for each old one. The banking group.

Bilbao's increase is to be made through a one-for-six free issue, leaving it with a total of 56m Pta500 shares by providing extra shares - 1.7749 new shares for each old one. The exchange shares for shares in the restages in their dividends one-for-six free issue, leaving it with a total of 56m Pta500 shares by providing extra shares - 1.7749 new shares for each old one. The exchange shares for shares in the real of 56m Pta500 shares by providing extra shares - 1.7749 new shares for each old one. The exchange shares for shares in the real of 56m Pta500 shares by providing extra shares - 1.7749 new shares for each old one. The exchange shares for shares in the real of the re dends, equivalent in both cases

to 48 per cent of par value.

will have three stages.

Its Pta750 shares will be Pta71bn, almost 40 per cent up Each bank will raise its nomi- raised in value to Pta887.45.



Call Ken Wapling or Ilona Beckett on 01-623 8000 for more information.

The Kleinwurt Benson Group

20 Fenchurch Street, London EC3P 3DB.

Euroc and Aker buy US plants

sveimer

U.S. \$100,000,000

Floating Rate Participation Certificates Due 1992 issued by Morgan Guaranty GmbH for the purpose of making a loan to

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In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 29th January, 1988 to 29th February, 1988 has been fixed at 75 m/s. Interest accrued for the above period and payable on 29th July, 1988 will amount to US\$62.97 per US\$10,000 Certificate.

> Agent Morgan Guaranty Trust Company of New York

The Finnish Paper Mills' Association – Finnpap

U.S. \$100,000,000

Floating Rate Notes Due 1995

In accordance with the terms and conditions of the Notes. the rate of interest for the interest period January 29, 1988 to July 29, 1988 has been fixed at 71/16% per annum. Interest payable on July 29, 1988 will be US\$376.01 per Note of US\$10,000.

Agent

Morgan Guaranty Trust Company of New York London Branch



U.S. \$150,000,000

CHASE MANHATTAN OVERSEAS BANKING CORPORATION

FLOATING RATE NOTES DUE 1993

For the six months 29th January, 1988 to 29th July, 1988

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 7%s per cent and that the interest

payable on the relevant interest payment date, 29th July, 1988 against Coupon No. 20 will be U.S.\$37.60. t Beek: Morgan Guaranty Trust Company of New York, Lond

Société Nationale des Chemins de Fer Français

£75,000,000

Guaranteed Floating Rate Notes 1993 (redeemable at the holder's option in 1990) unconditionally guaranteed, as to payment of principal and interest, by

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In accordance with the provisions of the Notes, notice is hereby given that, for the three month period 27th January, 1988 to 27th April, 1988, the Notes will bear interest at the rate of 91/s per cent. per annum. Coupon No. 18 will therefore be payable at the rate of £113.44 per coupon from 27th April, 1988.

S. G. Warburg & Co. Ltd.

U.S. \$100,000,000

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Agent Bank

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Notice is hereby given that the Rate of Interest has been fixed at 7.25% and that the interest payable on the relevant interest Payment Data April 29, 1988 against Coupon No. 14 in respect of US\$10,000 nominal of the Notes will be US\$183.26.

January 29, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANC

U.S. \$500,000,000 CITICORP •

Subordinated Floating Rate Notes Due January 30, 1998

EUROPEAN CEMENT INDUSTRY

EUROC, the Swedish building materials, engineering and trading group, and Aker Norcem, its Norwegian counterpart which specialises in oil drilling equipment, have together agreed to buy cement and concrete plants in the US worth about SKr500m (\$83.4m).

The acquisitions will be made through the companies' jointlyowned subsidiary, known as

Benedetti

chocolates

MR CARLO De Benedetti is

MR CARLO De Benedetti is close to withdrawing from the confectionery business which be entered in a sur-prise diversification move

in February 1985.
The CIR financial holding company which controls Mr
De Benedetti's interests in

the food industry is eval-nating offers for Perugina, a manufacturer of choco-lates and cakes with a stock

market value of about 1.319bn (\$260m). CIR, which rebuffed a takeover bid from Jacobs Suchard of Switzerland last

summer, has received offers

from a number of confec-

tionery makers.

Negotiations for the dis-

posal of Perugina are expec-ted to be finalised in March. CIR's attempts to acquire Alemagna and Motta, a con-

fectionery business owned by SME, the foods subsid-iary of the IRI state holding

iary of the INI state holding company, look unlikely to gain court approval.

As a result, CIR now intends to re-focus its operations, hence the planned disposal of Perugina which in 1986 had sales

Net profits for that year totalled L5bn. Perugina expects profits for 1987 to show a gain of about 10 per

The company's 1987 results will include turn-over of about L50bn from Bouquet d'Or, a French quality chocolate maker which the Italian company acquired at the beginning of

July.

Perugina's ahares, 83 per cent owned by pasta-maker Buitoni which is controlled by CIR with a 52 per cent stake, are quoted on the Milan and Rome stock markets.

The company employs about 2,200 workers. It has two factories in the prov-

The disposal of Perugina comes at time when Mr De Benedetti is attempting to gain control of Société Générale de Belgique, Belgium's biggest industrial holding

Security Pacific

Corporation

Dutch Guilders 250,000,000 Floating Rate Notes 1986

in accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from January 29, 1988 to July 29, 1988 the Rate of Interest has been fixed at 4½ per cent and that the interest payable on the relevant interest.

payable on the relevant interest Payment Date, July 29, 1988, against Coupon No. 5 in respect of Nig50,000 nominal of the Notes

dam-Rotterdam Bank N.V.

will be Nig1,137,50, and in re of Nig100,000 nominal of Notes will be Nig2,275.00.

ince of Peragia,

of L291bn.

unit up

for sale

The acquisitions will be made through the companies' jointly-owned subsidiary, known as Scancem. This is responsible for the international cement activities of Euroc and Aker Norcem, particularly in the US, Africa tories we can start domestic production and expand in the US market," the company said.

Scancem is buying Allentown Cement Company in Pennsylvania, which consists of four storage terminals and a cement

Holderbank reorganises **North American venture**

groups.

Based in Delaware, the new company is Hofi North America and other construction-related (Holnam). It controls the biggest cement business in North America through a 58 per cent shareholding in St. Lawrence as an investment base for Cement and a 67 per cent stake growth. It will also provide management and service supin Ideal Basic Industries. The company also owns Dundee

Karstadt sales

show sound

improvement

KARSTADT, WEST Germany's

biggest retailing group, said yesterday that trading levels in 1987 had been satisfactory and

that parent company sales had improved from DM9.39bn to DM9.9bn (\$5.9bn).

The company gave no indica-tion of profits for last year. For 1986 the group reported a par-ent company net profit DM92 6m

DM82.6m.
Karstadt said turnover figures did not include its travel agency subsidiaries. These had improved their results last

Neckermann Versand, the

group's mail order business.

had achieved a substantial

profit last year, reversing the series of losses which have long troubled Karstadt.

U.S. \$70,000,000

Vasco-Aragonesa,

Española, S.A.

Guaranteed Floating Rate

Notes due 1995

Unconditionally Guaranteed by

The Kingdom of Spain

Notice is hereby given that for the six moralis interest period from January 29, 1988 to July 29, 1988 the Notes will carry an interest rate of 791% per amum. The interest payment date, July 29, 1988 against Coupon No. 6 will be U.S. \$376.01 and U.S. \$9,400.17 representative for Motes in decomposition.

respectively for Notes in denomina-tions of U.S. \$10,000 and U.S. \$250,000.

0

By: The Chase Maghetten Bank, M.A. Landon, Agent Bank

January 29, 1988

Autopista

Société Suisse de Ciment Port-land have been taken over by a newly-formed holding company jointly owned by the two Swiss groups. ready mixed concrete facilities

management and service sup-port for the operating entities.

Procordia, with interests in tobacco, brewing, drugs and engineering, said the deal was the first move towards a closer integration with Nora.

The two groups have agreed to investigate the possibilities of establishing long-term indus-trial co-operation on an interna-

tional basis. "We see this as a step towards Nordic co-opera-tion within the brewery and grocery sectors," Procordia

Procordia in SKr280m

Nora, which had sales in 1987 about SKr1.05bm. It was the of more than NKr5bm largest share issue ever han(\$789.8m), is offering Procordia dled by the Stockholm bourse.

BANCO-HISPANO Americano Pts68.6bn to raising its yesterday announced a sharp reserves and providing for pen-increase in its dividend for sion funds under new rules and

1987 to Pta100 per share from for country loan risks.
Pta80, while channelling almost all its earnings into provisions.
The bank, which said it had now completed the process of schedule, it was now "well-restructuring begun in 1985, showed net profits of only pta135m (\$1.2m) compared with Pta9.53bn in 1986.

This was after devoting forced to omit its dividend three years ago.

U.S. \$400,000,000

The Kingdom of Belgium

Floating Rate Notes Due February, 2000

In accordance with the provisions of the Notes,

notice is hereby given that interest payable on

29th February, 1988 will amount to U.S.\$9,834-20 per

U.S.\$250,000 Note.

Interest rates applicable are as follows:

28th Aug. 1987 to 30th Sept. 1987 - 73/16% 30th Sept. 1987 to 30th Oct. 1987 - 81/6%

30th Oct. 1987 to 30th Nov. 1987 - 71/6% 30th Nov. 1987 to 31st Dec. 1987 - 71/2%

31st Dec. 1987 to 29th Jan. 1988 - 81/16%

29th Jan. 1988 to 29th Feb. 1988 - 71/4%

Morgan Guaranty Trust Company of New York

Londen

CITICORP® U.S. \$500,000,000

Subordinated Floating Rate Notes

Due October 25, 2005

Notice is hereby given that the Rate of Interest has been found at 7.0375% and that the interest payable on the relevant Interest Payable on the relevant Interest Payable of US\$10,000 nominal of the Notes will be US\$60.60.

. Agent Bank:

Hispano Americano

bank lifts dividend

This was after devoting three years ago.

Norwegian purchase

plant with annual production, and the EC as the prime areas for expension.
Scancem is also buying Vineland, a concrete company with six factories in the New Jersey capacity of about 1m tons. Scancem is already established in the New York/Pennsylvania area, where it has import termi-

Euroc produces about 1.7m tons of cement each year in Sweden, of which 600,000-700,000 tons are for export to

the Middle Esst, Africa and the US. The Swedish group has set its sights on the US - where it only claims to have a market

Finnish group buys 80% of three CBR offshoots

THE FINNISH Partek Group, whose activities cover building materials, concrete technology, and lifting equipment, has acquired an 80 per cent stake in three subsidiaries of CBR, the Paletier expent group.

three subsidiaries of CBR, the stake in stake, concentrates on coment, three subsidiaries of CBR, the stake, concentrates on coment, three subsidiaries of CBR, the stake, concentrates on coment, ready-mix concrete and aggrebelgian CBR Breton, the French Europe and North America, but Belgian CBR Breton, the French will retain a minority position in the pre-cast companies.

Partek, which operates in 22 countries, save producing architecture plants. run six pre-cast concrete plants producing architectural and frame panels, hollow core slabs, bridge beams, staircases and

important buyer of cement.

Last September Euroc acquired De Boo, a Dutch building materials wholesaler with amusi sales of about SKribn, as part of plans to expand its trading division. its sights on the US - where it only claims to have a market tax profit of SKr205m on sales share of a couple of per cent - of SKr6.24bn.

tunnel-lining units. CBR, whose biggest share-holder is Société Générale de Belgique with a 38 per cent

in the pre-cast companies.

Partek, which operates in 23 countries, says that its three new subsidiaries will continue to be run independently underlocal management but that it plans to develop them further.

Sanofi bounces back onto acquistion trail By George Graham in Paris

PROCORDIA, THE Swedish state holding company is paying SKr280m (\$46.67m) for a 10 per cent shareholding in Nora Industrier, the big Norwegian industrial company.

1.08m shares, or 10.1 per cent of the company. For the first turned in profits before extraordinary items and tax of NKr186.1m. SANOFI, the pharmaceuticals company controlled by France's Elf-Aquitaine oil group, is consoling itself for the failure of its bid for the US drugs group A.H.Robins by bouncing back on the NKr186.1m.
Procordia profits for the first eight months of 1987 totalled SKr863m on sales of SKr10.6bm. SKr863m on sales of SKr10.6bm. The company expected full-year profits to exceed SKr1.025bm, against SKr901lm. Procordia, which is 81-per cent state-owned having been partially privatised last summer, recently acquired the Danish industrial cleaning division of Reckitt and Colman of the UK for £9.3m (\$16.46m). The Government's sale of 19 per cent of Procordia raised about SKr1.05bm. It was the largest share issue ever han-

acquisition trail.

The company is to buy King Inc. the Canadian seedsman, and is also adding two small Italian perfume makers to its

Italian perfume makers to us portfolio.
King, which has annual sales of C\$35m (\$27.4m), claims the leadership of the Canadian soyabean market, with a 20 per cent share, and second place in the mains market

place in the maine market with 9 per cent.

anofi is already involved in the seeds sector through its subsidiary. Rustica Samences, and has a 45 per cent share of the French soyabean market.

It also claims second place in the world sunflower seed market.

The acquisition of King is nevertheless, unlikely to sate Sanofi's North American ambitions. The company has its C\$600m bid for Robins it is still examining other oppor-tunities in the crowded US-

Akzo profit hit by weak trading

area, which is expected to be an AKZO, THE Dutch chemicals and fibres group, has suffered sharply lower profits for 1987 following weak trading in man-made fibres and consumer products.

products.

Group turnover for last year was little changed at F1 15.5bm, against F1 15.6bm. But pre-tax profits, prior to the inclusion of exceptional gains, numbled to F1 1.03bm (\$550m) from the F1 1.29bm of 1986.

Akzo, which is maintaining its dividend at F1 6.60 a share despite the reverse, said its basic chemicals division performed well enough, lifting its contribution to profits to F1 470m from F1 421m a year esriber.

470m from Fi 421m a year esrlier.

The company's main problem areas were fibres, where the contribution alumped from Fi 275m to Fi 50m, and the consumer products division which made a profit of Fi 85m, against Fi 205m in 1986.

Adjusting for exceptional gains, profits for the year were actually ahead, rising to Fi 940m from Fi 842m. Exceptional gains totalled Fi 270m, against Fi 23m.

The result is broadly in line with estimates provided by Alco earlier this month. Last year's exceptional gains arose

year's exceptional gains arose from the Fi 1.2bn disposal of a

51 per cent shareholding in Akzo Consumenten Produkten. Group pre-tax profits for the final quarter of last year fell to F1 220m from F1 309m. Profits in the third quarter, which took in a loss on fibres of Fl 24m, were Fl 219m.

At the time of the third-quarter results Akzo explained that its losses on fibres reflected falling market prices coupled with rising raw material costs.

On the 25th July, 1988 interest of US\$40.44 per US\$1,000 nominal amount of the Notes, US\$40.44 per US\$10.000 nominal amount of the Notes, and US\$2022.22 per US\$50,000 nominal amount of the Notes, will be due against interest Coupon No. 14.

SWISS BANK CORPORATION INTERNATIONAL LIMITED

CITICORP OVERSEAS FINANCE CORPORATION N.V. (Incorporated with limited liability in the Netherlands Antilles)

US\$125,000,000 GUARANTEED RETRACTABLE NOTES DUE 1997 Unconditionally guaranteed by

CITICORPO

Notice is hereby given that pursuant to Condition 2(b)(ii) of the Notes, the new rate of interest for the period March 1, 1988 to February 28 1991 will be fixed by the Company and notice of the new rate of interest will be published as February 10, 1988.

January 29, 1988 London By: Cribank, N.A. (CSSI Dept), Fiscal Agent

National Australia **Bank Limited**

US\$100,000,000 ling Bate Notes due 1997

Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 7% per cent for the period 29th January, 1988 to 29th July, 1982

The Republic of Italy Floating Rate Notes due 2005

U.S. \$500,000,000

in accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from January 29, 1988, to February 29, 1988, the Notes will carry an interest rate of 7% per annum. The interest payable on carry an interest rate of 7% per annum. The interest payable on the relevant interest payment date, February 29, 1988, will be U.S. \$60.28 per U.S. \$10,000 nominal amount in Bearer (Coupon No. 30) or Registered form and U.S. \$1,506.94 per U.S. \$250,000 denomination in Bearer form (Coupon No. 30).

January 29, 1988

Republic New York

Corporation

U.S. \$150,000,000

Putable Capital Notes

For the six month period 27th January, 1988 to 27th July, 1988 the Notes will carry an interest

race of 71/1% per annum with an

U.S. \$50,000,000 Bergen Bank A/S Floating Rates Notes due 1991

in accordance with the provisions of the Notes, notice is hereby given that for the sk months interest period from January 29, 1988 to July 29, 1988, the Notes will carry an interest rate of Start. The interest payable on the relevant interest payable of the relevant interest payable of the relevant interest payable of Notes.

By: The China Manhattan Bank, ILA.

Lauter, Aguat Bank
January 29, 1988 Chinattan

interest amount of U.S. \$379.17 per U.S. \$10,000 Note payable 27th July, 1988. Benkes Trust
Company, London Agent Ber

-- CITICORPO

F.S. \$850,000,000

Subordifficating Rate Notes Due November 27, 2035

Notes is bereby given fact the Rate of interest has been fixed at 7,0375 % in respect of the Original Notes and 7,125% in respect of the Enhancement Notes, and that the interest payable on the relevant interest Payment Date February 29, 1988 against Caupon No. 27 in respect of US\$10,000 nominal of the Notes will be US\$60,60 in respect of the Original Notes and US\$61.25 in respect of the Enhancement Notes. January 29, 1988, Landon

By Original Notes and US\$61.25 in respect of the Enhancement Notes. January 29, 1988, Landon

By Original Notes and US\$61.25 in respect of the Enhancement Notes. January 29, 1988, Landon

By Original Notes and US\$61.25 in respect of the Enhancement Notes. January 29, 1988, Landon

CITICORP BANKING CORPORATION

U.S.\$50,000,000 Hoating Rate Notes due July 29, 1991
Notice is hereby given that the Rate of Interest for the period January 29, 1988 to April 29, 1988 has been fixed at 7.20% and that the interest payable on the relevant Interest Payment Date, April 29, 1988 against Coupon No. 7 in respect of US\$10,000 nominal of the Notes will be US\$182.00.

January 29, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANG

CITIBANCO

U.S.\$100,000,000

Floating Rate Notes Due 1992

In accordance with the provisions of the Notes, notice is hereby given that, for the six month period 29th January, 1988 to 29th July, 1988, the Notes will bear interest at the rate of 79% per cent. per annum. Coupon No. 6 will therefore be payable on 29th July, 1988, at the rate of US\$9,558.16 from Notes of US\$250,000 nominal and US\$382.33 from Notes of US\$10,000 nominal.

S.G. Warburg & Co. Ltd.

US\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE JANUARY 1997 CITICORP BANKING CORPORATION (Incorporated in the State of Delaware

itionally guaranteed on a subordinated basis by CITICORPO

Notice is hereby given that the Rate of Interest has been fixed at 7.25% and that the interest payable on the relevant Interest Payment Date April 29, 1988 against Coupon Na. 13 in respect of US\$10,000 nominal of the Notes will be US\$183.26.

January 29, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

Notice is hereby given that the Rate of interest has been fixed at 7.0125% and that the interest payable on the relevant interest Payment Date February 29, 1988 against Coupon No. 25 in respect of US\$10,000 nominal of the Notes will be US\$60.39. January 29, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

U.S. \$150,000,000

Korea Exchange Bank (Incorporated in the Republic of Korea under the Korean Exchange Bank Act of 1860, as amended) Floating Rate Notes Due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from January 29, 1968 to July 29, 1968 the Notes will carry an interest parameter of 79/e% per armum. The interest payable on the relevant interest payable of the relevant interest payable on the relevant interest payable of the relevant interest payable on the relevant interest payable on the relevant payable of the relevant payable Notes in denominations of U.S. \$250,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A. London, Agent Bank January 29, 1988

January 29, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBAN(

Interest psyable on 29th July, 1988 per US\$10,000 Note will be US\$382.33. Agent Bealt: organ Generally Treat supony of New York London By: The Chase Manhatine Seek, N.A. Landon, Agent Bank David Dodwell on the newly-created group which will be Hong Kong's largest

HK Telecom set for recession-proof growth

WHEN STOCK market trading in Hongkong Telecommunica-tions begins on Monday, inves-tors will have their first chance to buy shares in what will instantly become the territory's largest company.

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The new group - a fusion of Hongkong Telephone, which provides the domestic telephone service, with Cable and Wireless (Hong Kong), which has a monopoly of Hong Kong's international telecommunications links - will be more than twice a bid on any other communications in the communications of the communication twice as big as any other com-pany on the local exchange. It will have a market capital-isation of just over HK\$73bn (US\$9.36bn) and will account

for 21 per cent of the market's entire value. At the outset, investors will have access to just 9 per cent of the 9.5hn HK Telecon shares in issue. The UK-based Cable and Wireless — parent company of both HE — issue. The UK-based Cable and Wireless – parent company of both HK Telephone and Cable and Wireless (HK) – will retain about 80 per cent. The Hong Kong Government, a long-standing shareholder in Cable and Wireless (HK), will hold the remaining 11 per cent.

apiece, putting a total of 20 percent of the company into public But the Isunch could hardly have been more ill-starred – set for the morning of October 19 last year. As the share price of HK Telephone tumbled from HK\$19.30 to a post-crash low of HK\$9.30, plans for public offerings were hastily jettisoned, and have yet to be resurrected.

"The public flotation is constantly under review," Mr Terry Miller, the new deputy chief executive of HK Telecom,

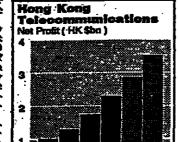
chief executive of HK Terecom, said yesterday.

Sir Eric Sharp, chairman of the British perent, insists that the company has been committed since 1981, when his company was privatised by the UK government, to giving investors an opportunity to buy shares in its Hong Kong subsisidiary.

Pressure for a reorganisation Pressure for a reorganisation of the group's interests in Hong

Kong have become more acute since it took control of HK Telephone, and since demands have kong Government, a long standing shareholder in Cable and Wireless (HK), will hold the remaining 11 per cent.

When plans to create this was intended to be different. Both the Government and Cable and Wireless had plans to divest about 5.5 per cent payment of HK\$700m.



in the UK.

Analysts also appear to agree

anthorities.

The company has over the ignored."

in Hong Kong - worth about £450m (\$802.8m) in 1986 - are expected to be worth 21hn by 1991.

among the most potent operating in. Hong Kong, ranking alongside China Light and Power as having a recession-proof prospect of real growth passing 20 per cent a ware for ing in. Hong Kong, ranking alongside China Light and Power as having a recession-proof prospect of real growth passing 20 per cent a year for at least five years ahead.

For several years now, Cable and Wireless has looked to its Hong Kong subsidiaries to generate at least 70 per cent of group profits. The lucrative telecommunications monopolies in Hong Kong - worth about

Also to forestall such a possibility, the group has committed itself to setting its roots more firmly among the Hong Kong investing public. While the strong profits stream from Hong Kong has provided a powerful disincentive for the UK parent to dilute control, there is every sign that, in spite of the October crash, a larger proportion of HK Telecom shares will soon find themselves in public hands.

1991.

With the development by Cable and Wireless of a "global digital highway," its penetration of the Japanese telecommunications market, and the group's pole position in the development of mainland Chinards.

Kong are in unison in saying that the amalgamation of the Japanese telecommunications providing the development of mainland Chinards.

Communications services under a single quoted holding company makes irresistible corporate sense.

While the two will remain separate at an operating level, they will come to resemble more closely the domestic and international divisions of Cable and Wireless in other territories worldwide like Bahrain, Barbados or even the Mercury service in the UK.

Analysts also appear to agree

one stockbroker noted yester-day: "Twenty-one per cent of the stock market cannot be

WILLIAM SAINT-GOBAIN

1987 NET INCOME: FF 2.75 BILLION + 90%

For the Szint-Gobzin Group, 1987 was a good year. According to current estimates, Group net income before minority interests increased by 82%, and net income after minority interests increased by 90%. This increase is derived both from the strong improvement in income of the Industrial Activities of the Group (69% of sales); and the important decrease in losses recorded by the Contracting and Services Activity (31% of sales).

sales).

Approximately two-thirds of this income was generated by the European companies of the Group, and the remaining third was generated by the Group's North and South American subsidiaries. The determining factor in 1987 was the very good income of the French industrial companies, whose contribution to not income was

33%.

The new progress of the Group is explained by the favourable growth of its principal markets, particularly the automobile industry, packaging, and to a lesser extent, the building industry. But this progress is also the result of the Group's capital expenditure on plant and equipment and of its management efforts. The "breakeven point" of most of the Group's plants has been able to be lowered significantly. Productivity has strongly increased everywhere. Finally, the Group has also benefited from the even geographical distribution of its

The principal consolidated Group data in 1987 may be analysed as follows:

- The decrease (-1%) in sales (FF 76.9 billion) is derived principally from a certain decrease in the Contracting and Services Activity. This decrease is also explained by the translation, into Prench francs, of sales generated in dollars, and, to a lesser extent, by the changes in the composition of the consolidated Group.

- The operating result of the Group is approximately FF 6 billion (+ 54%), and the Group net income (before minority interests) is FF 3.75 billion (+ 83%). These figures are calculated after : - amortisation (FF 3.25 billion), provisions (FF 0.6 billion) approximately equal to those of last year, - non-operating expenses (FF 0.9 billion), which, while still significant, are lower than those of 1986:

- Exceptional items, particularly gains on sales of assets (FF 0.49 billion) which are higher than those of 1986 (0.25 billion); - net financial charges (FF 1.36 billion) which show a significant decrease (-21%); - and strongly increased taxes (FF 2.1 billion).

- The Group net income (after minority interests) is FF 2.75 billion (+ 90%), minority interests being approximately FF 1 billion. This net income is calculated, as in preceeding years, before anticipated renuneration of non-voting participating shares, which is FF 2.46 million.

Group sources from operations are FF 6.44 billion (+ 20%). These are to be compared to capital expenditure on plant and equipment: FF 4.4 billion (+ 15%).

Group sources from operations are FF 6.44 billion (+ 20%). These are to be compared to capital expenditure on plant and equipment: FF 4.4 billion (+ 15%).

The Group's sources of funds remained abundant throughout the year. They enabled the Group on one hand to pursue the reduction of its long and medium term debt, and on the other hand, to make significant investments in securities: (FF 1.95 billion). In particular, the Group acquired a 3.5% shareholding in the Compagnie Financiere de Suez, as well as control of several complementary companies in its industrial divisions, in Canada, the USA, Portugal, West Germany, and Sweden.

In 1987, all of the Group's businesses expanded in all of the countries where the Group is present. The activity of the Flat Glass Division was strong in all of Europe. In 1987, it is responsible for approximately one-third of Group net income (before minority interests). Other Divisions have also contributed to the improvement in profitability: the Insulation Division, which has thus confirmed its good performance; the Containers Division, which has again improved its margins; the Paper-Wood Division, which has recorded its best performance in a decade; the Fibre-Cement Division, which has again reported good results, such as those earned prior to 1986. The Pipe and Machinery, Fibre Reinforcements and Industrial Ceramics Divisions have reported performances similar to those of last year. The contribution of the Contracting and Services Division to Group net income still remains negative (FF 145 million as against FF 382 million last year).

In total, the profitability of the Group's industrial activities can be favourably compared to those of International companies of the same type. The Contracting and Services activities are approaching equilibrium. Finally, the estimations made for 1988 indicate that, in spite of a less favourable international economic situation, the Group should, thanks to the improvement in its industrial structure, be able to again achieve satisfactory results i

Investor Relations Department COMPAGNIE de SAINT-GOBAIN 18, Avenue d'Alsace - 92400 Courbevoie (France) Tel. (33) (1) 47-62-33-33

Strong recovery for Bethlehem Steel

BETHLEHEM STEEL, the third largest US steel group, has reported net profits for the 1986 when the company was still suffering from a 1987 fourth quarter of \$71.50 a share fully diluted, more than double the previous share. Sales for the fourth quarter rose to \$1.21bn from \$1.02bn in the same period a year earlier.

For the full year, Bethlehem earned a net profit of \$174.8m or \$2.77 a share. This compares

decline in steel consumption, particularly in the consumer durables sector," the company said. However, Bethlehem also stressed that its strong position the hot str in the market for steel products steel works.

earlier and rose to 11.54m short tons from 10.41m in the whole of 1986. Shipments in the quarter of 2.42m short tons were up by a similar proportion from 2.07m in fourth quarter of 1986, while the yearly figure was 9.36m tons against 8.47m.

"For the year 1988, we amtispate that there will be a modest decline in steel consumption, in the consumer of 1988's project." a large portion of 1988's projected \$250m in total capital

expenditures to modernising the hot strip mill at its large

Freeport Indonesia in \$80m expansion plan

FREEPORT INITIONESIA, 85 per ing Corporation, say that the cent owned by the US natural resources group Freeport McMeRan; has started a three year, \$80m expansion programme to lift ore output at its copper mine by 4,000 tonnes a day to 20,000 tonnes.

The programme, financed from cash flow and a credit facility from a group of interna-

tional banks, will lift copper production from 104,000 tonnes a year to 136,000 tonnes.

The investment should help FI to continue to reduce its break-even costs, down 6 per cost level recent level re cent last year to 50 cents per lb yielding an annual average of of copper produced.

**Cominco and Lornex Min-duction is to start in June 1989.

Mining are to go ahead with a \$32,4m gold mining venture at Jardine, Montana. The mine and mill are to be designed for production and treatment of 150,000 tonnes of ore a year,

Mabon

We are pleased to announce the following appointments in our firm

General Partners

Mark A. Kurland

David S. Wade¹

Special Limited Partners

Leslie E. Dyer* and Glen F. Hands*

Mabon, Nugent & Co. Members New York Stock Exchange Inc. and Other 115 Broadway New York, NY 10006 212/732-2820

January, 1988

Wells Fargo International Financing Corporation N.V. U.S. \$50,000,000 Guaranteed Floating

Rate Subordinated Notes due 1996 In accordance with the risions of the Notes, notice is hereby given that for the Interest Sub-period 29th February, 1988 to 29th February, 1988 the Notes will carry an Interest Rate of 79/6% per annum. The interest accrued for the above period and payable on 29th April, 1988 will be US\$61.89.

Principal Exchanges

Agent Bank: Company of New York

Wells Fargo & Company U.S. \$150,000,000 Floating Rate

Subordinated Notes

*London

due 1992 In accordance with the rovisions of the Notes, notice is hereby given that for the Interest period

29th January, 1988 to 29th February, 1988 the Notes will carry an Interest Rate of 7-0375% per annum. interest payable on the relevan interest payment date 29th February, 1988 will amoun to US\$60-60 per US\$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

Malaysia to complete DTC rescue package

By Wong Sulong in Kuala

BANK NEGARA, the Malaysian central bank, has announced the final stage announced the final stage of a lbn ringgit (\$390.9m) rescue package for the country's deposit-taking companies, whose operations were frozen in August 1986 after losses of more than 700m ringgit

more than 700m ringgit. The rescue package arose from the Government's assurance to the 580,000 depositors of the DTCs that they would be given a full refund of their deposits. Most of the depositors are Malaysian Chinese and con-cern over reimbursement had, at one stage, threat-ened to develop into a

major political issue.

"With these arrangements, we hope to see the final resolution of the DTC fiasco which had resulted in much anguish and suffering by a large section of the population," said Tan Sri-Jaffar Hussein, the Bank

Negara governor.
Under the final stage of the package, the 270,000 depositors in 11 DTCs are to receive cash payments, ranging from 50 to 70 per cent of their deposits, in three instalments, from next month to December

The balance, amounting to 315m ringgit, will be paid out in the form of shares in a finance company, called Kewangan Usahasama Mak-mur (KUMB) which will later seek a listing on the Kuala Lumpur Stock

A similar scheme has been drawn up for Kooperative Serbagana Malaysia (KSM), which is controlled by the Malaysian Chinese Association, the Chinese partner in the government coalition.

The 166,000 KSM depositors will get back half their 548m ringgit of deposits in each, and the balance will be distributed in the form be distributed in the form of shares in Magnum, the Incrative lottery company. Magnum, already listed on the KLSE, is 38 per cent owned by Multi-Purpose Holdings, another investment vehicle of the MCA. Depositors of another 11 DTCs were refunded in full last year. last year.



GKN plc DM 110,000,000

Issue of preference capital in

Guest, Keen and Nettlefolds (Deutschland) GmbH

utilised to increase its stake in

UNI-CARDAN AG

We advised GKN on this financing and subscribed for the new preference capital.

COMMERZBANK



EVERED HOLDINGS PLC £75,000,000

COMMITTED REVOLVING CREDIT FACILITY

Arranged by BARCLAYS de ZOETE WEDD

Provided by

Barclays Bank PLC

Lloyds Bank Plc

National Westminster Bank Group

Midland Bank plc

Grindlays Bank p.l.c.

December, 1987

Notice is hereby given that the Rate of Interest for the three month period 29th January, 1968 to 29th April, 1988 has been fixed at 7½ per cent. The amount payable on 29th April, 1968 will be U.S.\$183-26 against Coupon No. 16. Morgan Guaranty Trust Company of New York

Bank of Montreal

U.S.\$250,000,000 Floating Rate Debentures,

Series 9, due 1996 mated to deposits and other liabilities

Italian International Bank Plc

U.S.\$60,000,000

FLOATING RATE NOTES DUE 1991

la eccardence with the provisions of the Nobes, notice is his eby given that for the six month interest Period from 29th denuary 1988 to

29th July 1988 the Notes Will barry an Interest Rate of 79/1e/loper anoum and the Coupon Amount per US \$10,000 will be US \$382-33

Agent Benk: Morgan Guiranty Trust Company of New York,

THE SEIYU, LTD. (the "Company") U.S. \$20,000,000 8% Convertible Bonds Due 1996

Notice of Early Redemption

Notice is hereby given that in accordance with Condition 6(B) of the Terms and Conditions of the Bonds, the Company will redeem all of the outstanding Bonds at 102 per cent of their principal amount on February 29, 1988 when interest on the Bonds will cease to accrue. On February 29, 1988 the redemption price of 102 per cent will become due and payable upon each Bond to be redeemed, together with accrued interest from September 1, 1987 amounting to U.S. \$40.00 per U.S.

The right to convert the Bonds into fully paid shares of the Company will terminate on February 29, 1988, the date fixed for redemption. Bonds surrendered for conversion will not be entitled to account interest and surrandered for conversion will not be entitled to accrued interest and shall be accompanied by the February 29, 1988 Coupon and all Coupons maturing thereafter. Bonds for conversion should be deposited in accordance with Condition 5(B)(i) at the offices of the Conversion Agents specified on the Bonds on or before February 29, 1988. The Bonds are presently convertible into fully paid sheres of the Company at the price of Yen 702 per share. At such conversion price the holder of U.S. \$1,000 principal amount of Bonds would receive 303 shares of the Company (ursing the fixed perhature tale sharefilled in Condition 5/A)(ii) of Company (using the fixed exchange rate specified in Condition 5(A)(i) of Yen 212.79 equals U.S. \$1). The reported closing price on January 27, 1988 of the shares of the Company on the Tokyo Stock Exchange was Yen 1,970 per share. At such a price, the holder of a Bond of U.S. \$1,000 principal personal world grade unon companying 303 shares having an appreciate per snare. At such a price, the houser of a sond of U.S. \$1,000 principal amount would receive upon conversion 303 shares having an aggregate value of Yen. 596,910. The aggregate principal amount of the Bonds outstanding as at the closing of Jahuary 27, 1988 was U.S. \$478,000. Faiture to deliver Bonds for conversion on or before February 29, 1988 will automatically result in redemption at a price (including premium and accrued interest) of U.S. \$1,000.00 for each U.S. \$1,000 principal

Payment of the redemption price will be made against the surrender of the Bonds with all unmatured Coupons appertaining thereto at the Offices of any one of the Paying Agents mentioned thereon.

THE SETYU, LTD. By: The Chese Manhattan Bank, N.A. London, Principal Paying Agent



Rule change angers French banks

BY GEORGE GRAHAM IN PARIS

could seriously reduce their reported profits for 1987. The French banks' associa-tion has asked the Commission

Bancaire, the official regulator, to think again on the rules, which threaten particularly the smaller banques de tresorerie, which specialise in financial market and treasury operations.

Large commercial banks are less affected, though some of their specialised subsidiaries could see their profit and loss accounts hit hard.

The new rules, announced by the commission two weeks ago, would oblige banks to make provisions for potential losses on their bond portfolios, even

Loan facility

oil group

By Karen Fossii in Oslo

for Norwegian

THE NORWEGIAN Oil Con-

sortium signed in Oslo yester-day a \$130m project loan facility with a group of 10 international banks jointly

led by Christiania, Norway's second largest bank, and J.P. Morgan.

Noco is a limited partner-

ship, one-third held by the Fred Olsen group, which has a 25 per cent stake in the Norwegian North Sea Valhall oil field.

Part of of the new loan is to

The loan is for a five-year

term and bears a basic inter-est margin of % per cent and commitment fees of % per cent on that part of the loan

which is deemed available and % per cent on that

deemed unavailable.
The field, in which Amoco of the US holds a majority

stake, is currently producing around 70,000 barrels of oil

be used to refinance a previ-ous \$260m financing, while the balance is for future projects, including the development of the marginal Hod oil

and gas field.

FRENCH BANKS are up in in cases where the interest rate view, this series of operations arms about the introduction of risk is fully covered by other boils down to the equivalent of new accounting rules which financial operations.

could seriously reduce their The measure threatens a wide range of interest rate swap operations, which became com-mon as falling interest rates

exchange their fixed-rate borrowings for floating-rate debt.
In a typical interest rate swap, a bank would receive a floating interest payment from a company and in return would undertake to pay a fixed rate to the company to meet the repayments on the company is fixed-rate debt. The bank would cover its exposure to interest rate variations by borrowing in the money market at a variable rate and buying a bond to interest rates.

"Economically, there is absolutely no difference between this kind of swap and a medium-term, variable-rate loan. To make you constitute provisions on the bond component is completely absurd," said the managing director of one Paris bank.

Bankers are especially and demands that the case of swaps, the commission is concerned that, and the shorter term, sharp moves in interest rates could pose a liquidity problem for the bank, which should therefore be obliged to create provisions. encouraged companies to

a normal, commercial loan. Its banks need not provide for profit is the constant margin unrealised capital losses on between its borrowing and bond portfolios which are lending rates and does not "immobilised". But the French depend on the fluctuations of interpretation of immobilisation interest rates.
"Economically, there is abso-

cover its exposure to interest an expect that the commissions which should therefore be instructions were issued after the money market at a variable rate and buying a bond to match the fixed-rate repayments.

The new ruling follows an earlier relaxation of the rules banking industry's hostility.

is stricter than the UK or US equivalents and demands that the bonds must in all circumstances be held till maturity.

Ohio, Kentucky banks merge

NATIONAL CITY, the Ohiobased bank holding company, is to acquire First Kentucky National, the Louisville-based banking group whose main sub-sidiary is Kentucky's second bank, for stock worth

biggest bank, for stock worth about \$660m.

The agreed deal will create a banking group with assets of \$20bn and is a further example of smaller US banks merging across state lines — where allowed by reciprocal interstate banking pacts — to head off competition from money centre banks.

When the merger is com-

When the merger is com-pleted, which is expected to be in late spring, National City would be among the 35 largest bank holding companies in the

Under the agreement, each share of First Kentucky National common stock would ate in the beexchanged for 0.8825 of a states of share of National City Corp common stock. Based on National City's closing stock short-ter price of \$32.63 on January 26, the merg the transaction has a value of \$28.79 per First Kentucky confident 1988 dilutation.

The deal is valued at 10 times banking analysts' estimated 1988 earnings and twice Decem-ber 31 book value for First Kentucky shares, National City

First Kentucky has \$5.1bn in assets and more than 5,200 employees. In 1986 it had net profits of \$50.1m. National City has assets of \$14.9bn and 9,100 risk Kentucky, will become vice chairman of National City.

Following the merger, the combined companies will oper-ate in the three neighbouring states of Ohio, Kentucky and

National City said the short-term dilutive effects of the merger will be less than 9 per cent. The company said it is confident it can recover the 1988 dilution within 36 months.

Given current dividend levels of both banks, First Kentucky shareholders would realise a 35.2 per cent increase in divi-dend income after completion

Rich in Sun work station deal

BY ALAN CANE

Debenture Trust Corporation p.l.c. as trustee for the holders of the Bonds-

which is set out in paragraph 2 of "Voting and Quorum" below.

of identification signed by the Chairman hereof)) and the implementation thereof,

objection to the Extraordinary Resolution being submitted to the Bondholders for their consideration.

roduced or in respect of which he is a proxy or in respect of which he is the holder.

Kredietbank N.V.,

Arenbergstraat 7,

1000 Brussels

RICH OF Chicago, a leading supplier of dealing-room systems owned by Reuter of the UK, has concluded an agreement giving it access to the most powerful desk-top computing technology available.

It has signed an agreement with Sun Microsystems of Mountain View, California, which will allow Rich customper day although capacity has been designed for more The Amoco/Noco group intends to put forward a NKr2bn to NKr3bn development plan for the Hod field. The Hod development is to use the Valhall field infraers to specify Sun's high performance work stations for use with Rich's well regarded trading information architecture. (This is an information switching system designed for both structure and oil could be produced during 1990. traditional video-based data and the newer computer-based

ASDA-MFI GROUP PLC

(a company registered with limited liability in England No. 1396513)

£100,000,000

95/8 per cent. Bonds due 2002

NOTICE OF MEETING of the holders of the above mentioned bonds

NOTICE IS HEREBY GIVEN that a Meeting of the holders (the "Bondholders") of the £100,000,000 9% per cent. Bonds due 2002 (the "Bonds") of ASDA-MFI GROUP PLC (the "Company") will be held at Morgan Grenfell & Co. Limited, 20 Finsbury Circus, London EC2M 2AX on Thursday, 25th February, 1988 at 11 a.m. for the purpose of considering and, if thought fit, passing the following Resolution, which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed") dated 15th May, 1986 made between the Company and The Law

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders of the outstanding £100,000,000 9% per cent. Bonds due 2002 (the "Bonds") of ASDA-MFI GROUP PLC (the "Company") constituted by a Trust Deed dated 15th May, 1986 made between the Company and The Law Debenture Trust Corporation p.Lc. (the "Trustee") as trustee for the holders of the Bonds (the "Bondholders") hereby:—

(1) sanctions the Proposal (as described in the Notice convening this meeting (a copy whereof has been produced to this Meeting and for the purpose

(2) sanctions any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders and the holders of the interest coupons appertaining to the Bonds (the "Coupons") against the Company (whether such rights shall arise under the Trust Deed, the Bonds, the Coupons or otherwise) involved in the implementation of the Proposal and this Resolution; and

(3) authorises and requests the Trustee to concur in the implementation of the Proposal and this Resolution and to execute a Supplemental Trust.

Deed to give effect thereto in the form of the draft produced to the Meeting and signed for the purpose of identification by the Chairman hereof."

The attention of Bondholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting.

Copies of the Trust Deed (including the Terms and Conditions of the Bonds) and the Supplemental Trust Deed referred to in the Extraordinary Resolution set out above will be available for inspection by Bondholders at the specified offices of the Paying Agents set out below.

In accordance with normal practice the Trustee expresses no opinion on the merits of the Proposal but has authorised it to be stated that it has no

THE PROPOSAL

It is proposed that the due date for payment of interest on the Bonds should be brought forward from 15th May to 25th April in each year and that the final maturity date of the Bonds should become 25th April, 2002. If the Extraordinary Resolution is passed the Company will nevertheless pay in respect of the coupon next payable the amount which would have been due theroon had the relevant interest payment date remained unaltered, with the result that Bondholders will receive an additional 20 days' interest.

VOTING AND QUORUM I. A holder of the Bonds wishing to attend and vote at the Meeting in person must produce at the Meeting either the Bond, or a valid voting certificate or certificates issued by a Paying Agent relative to the Bond(s) in respect of which he wishes to vote.

A holder of Bonds not wishing to attend and vote at the Meeting in person may either deliver his Bond(s) or voting certificate(s) to the person whom

he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified offices of the Paying Agents set out below) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.

Bonds may be deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by Cedel or the Operator of the Euro-clear System or any other person approved by it, for the purpose of obtaining voting certificates or giving voting instructions in respect of the Meeting on the basis that all such instructions are, during the period of 48 hours prior to the time for which such meeting or adjourned meeting is convened, neither revocable nor subject to amendment. Bonds so deposited or held will be released at the conclusion of the

Meeting (or, if applicable, any adjourned such Meeting) or upon surrender of the voting cartificate(s) or, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjourned such Meeting) is convened, the voting instruction receipt(s) issued in respect thereof.

2. The quorum required at the Meeting is two or more persons present holding Bonds or voting certificates or being proxies and holding in the aggregate not less than two-thirds of the principal amount of the Bonds for the time being outstanding. If a quorum is not present at the Meeting, the Meeting will be adjourned and the Extraordinary Resolution will be considered at an adjourned Meeting (notice of which will be given to the Bondsholding Bonds or voting certificates or being proxies and holding in the aggregate not less than one-third in principal amount of the Bonds for the time being outstanding.

3. Every question submitted to the Meeting will be decided in the first instance on a show of hands unless a poll is demanded by the Chairman of the Meeting or by the Company or by one or more persons present holding one or more Bonds or voting certificates or being proxies and holding or representing in the aggregate not less than one fiftieth part of the principal amount of the Bonds for the time being outstanding. On a show of hands

every person who is present in person and produces a Bond or voting certificate or is a proxy shall have one vote. On a poll every person who is so

present shall have one vote in respect of each £1,000 principal amount of the Bonds so produced or represented by the voting curtificates so

4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the persons voting thereon upon a show of hands or, if a poll is demanded, then by a majority consisting of not less than three-fourths of the votes given on such poll. If passed, the Extraordinary Resolution will be binding upon all the Bondholders, whether or not present assuch Meeting and whether or not voting, and upon all

PRINCIPAL PAYING AGENT

OTHER PAYING AGENTS

Kredietbank S.A. Luxembourgeois 43 Boulevard Royal, Luxembourg L-2995

Sun, one of the fastest growing US microcomputer manufacturers, is best known as a sup-plier of scientific and technical

work stations, but it has recently been attacking finan-cial markets aggressively and with some succe

m combination with the Sun their trading performance. Work station, the system will make possible the display and analysis of market price data. make possible the display and performance work stations like analysis of market price data as the Sun-3 and Sun-4 machines, it is fed into the system from which process 10m instructions

Mr Michael Schiffman, senior vice president, marketing, at Rich said: "Sun offers Rich clients a powerful desktop computer for analysing market information. Sun work stations provide a technology platform for deligning advenged design." with some success.

Securities traders today, sion support applications especially in the US, use a including artificial intellisophisticated range of comput-

MoF may alter terms of next NTT offer

THE JAPANESE Ministry of Finance (MoF) is considering, among other measures, reducing the number of shares in the next public offering of equity in Nippon Telegraph and Telephone (NTT), the Japanese telecommunications giant.

The measures, which also

communications giant.
The measures, which also include allowing more foreign securities companies to participate in the underwriting, are being considered in the light of the deterioration of the NTT share price in the last few months.

Two tranches of 1.95m

Two tranches of 1.95m NTT shares were issued last year, the second offering at a breathtaking Y2.55m (\$20,100) per share in November which valued the total company at Y39.8hm (\$313bs).

Since then, the shares have tumbled, reaching Y2.08m early this month. They closed yesterdey at Y2.38m, up a hefty Y150,000 following reports of the MoF's thinking. However, the price is still nearly 200 times the forecast earnings for the current year to March 31 1988.

MoF officials fear that further issues of NTT shares — another 1.95m tranche is planned for later this year — could have a

this year - could have a depressing effect on the price. They emphasised, however, that the main pur-pose of the issues was to transfer the shares to the private sector, not to raise funds, so it was very unlikely that they would decide to reduce the mus-ber of shares.

A more likely move would be to increase the number of foreign securities houses of foreign securities houses allowed to participate in the underwriting syndicate and increase their share allocations. In last Novem-ber's sale, 35 foreign bro-kers received 4.46 per cent of the shares and sold them

Officials said another way of easing the sale would be of easing the sale would be to offer more shares to institutional investors. Last November, the MoF guided brokers to sell less than 20 per cent of the shares to institutions, preferring that the bulk of the shares went

to individuals.
There is also the possibility of allowing foreign investors to hold the shares. However, that would require a change in NTF's charter by legislation in parliament. An official at the Ministry of Posts and Telecommunications said yesterday there was no plan to change the law at this

Uniroyal Chemical up for sale

AVERY THE former US coal company which bought Universal Chemical in October 1986 for \$710m, is to sell the unit because of its inability to turn it into a significant force in the world speciality chemical industry.

Avery was a tiny coal company with sales of just \$7m when it bought Uniroyal Chemical during the 1986 liquidation of Uni-royal, the tyres, chemicals and plastics concern that had itself been taken private in 1985. The unit was seen as the jewel in Uni-

royal's crown. However, Mr Nelson Peltz, Avery's chairman and chief executive, said Avery had been unable to carry out its strategy for the unit and foresaw little opportunity in the future. The company said it had planned to use the Uniroyal

acquisition as a foundation to build a multi-national company through the acqui-sition of other speciality sition of other speciality chemical companies.
But a number of problems, including a weakening dollar and continually rising price/earnings multiples of companies in the speciality chemical industry, had hampered Avery's search for acquisitions at acceptable prices.

acceptable prices.

Avery's chief shareholder is Triangle Industries, the acquisitive US packaging group which was seen by analysts as wishing to use Avery and Univoyal Chemical as off-balance sheet vehicles for expansion into

Mr Peltz said the special-Mr Peltz said the speciality chemical industry is dominated by large multinational companies and that he expects the unit can be sold at a profit. Its sales for the 12 months ended September 30 were \$627m.

in addition, the company said that, due to first-quarter losses of \$42.7m, it would probably have to offer to repurchase \$10m principal amount of its 10 per cent convertible subor-dinated debentures on June 30 in order to comply with certain debt provisions.

Further Eurodollar deals meet respectable demand

THREE MORE Enrodollar straight bond deals were brought to the market yester day, bringing total issuance this sweek to \$1.20n, as US Treasury bonds continued to rally in the wake of Wednesday's encouraging US gross national product figures.

Yesterday's bonds were all for borrowers in the financial sector and so were expected to have less appeal than earlier in the month appeared.

In secondary market trading, to its fees. It bore an 8% per cent coupon and 101% pricing cent c

wake of Wednesday's encouraging US gross national product figures.
Yesterday's bonds were all for borrowers in the financial sector and so were expected to have less appeal than earlier issues for sovereigns and Scandinavian state-backed borrowers. But, even though investors are now spelled for choice, the new bonds still seemed to meet respectable demand.

respectable demand.
All this week's bonds have traded within their fees, but dealers noted that yield spreads have widened by around 10 basis points as the US Treasury bond market has railied. This

lier in the month, appeared with a \$150m five-year 3% per cent deal priced at 101%.

At this level it provided an initial yield spread of 100 basis points over US Treasury bonds, attractive enough for the bond to trade at less 1.80 bid, just inside 1% per cent fees. It was led by Chase Investment Bank.

The \$100m four-year bond for Gommersbank Overseas Figure, led by the parent company, also traded at levels close

ank

In secondary market trading, Eurodollar bonds rose by up to % percentage points in the IO-year area and about % points at the five-year maturities.

Rumours continued to circu-

Rumours continued to circulate that more Eurodollar issues for sovereign borrowers were on the way. Many dealers were expecting Belgium to launch a \$400m deal, possibly early next week. But Canada and Italy were also mentioned as possible issuers of sizeable transactions.

Eurosterling issue for BNP

BANQUE NATIONALE de Paris points higher at 100.70. borrowed £75m in the Euros Domestic D-Mark bonds borrowed £75m in the Euros-terling market yesterday as UK government bonds were buoyed by the US Treasury market's

strength.
Sterling bond dealers shook off indifferent UK trade data, which showed the country's current account deficit at £582m in December, and con-centrated instead on the firm tone in New York.

This triggered strong rallies in Eurosterling prices, which took a \$200m five-year deal for Sears, the UK retailing group, launched earlier in the week to 1.35 bid, compared with 1% per

cent fees.

BNP's 9% per cent five-year issue, led jointly by Kleinwort Benson and BNP Capital Marbenson and BNP Capital Mar-kets, was priced at 1014 to give an initial 41 basis point yield margin over the compara-ble gilt. It traded at levels around its fees.

D-Mark Eurobonds were also stronger gaining as much as 70

stronger, gaining as much as 70 basis points at the highest point, in good turnover. Most demand centred on sovereign issues. The benchmark 6% per cent 10-year bond for the World Bank was fixed 40 basis

meanwhile were also enthused by the US Tressury bond mar-ket's rally. Prices use by up to 60 basis points, in similarly active turnover.

active turnover.

The Bundesbank will announce details next Tuesday of a new 10-year Federal Government bond. It is expected to be for between DM4bn and

be for between DM4bn and DM5bn Dealers were uncertain yesterday what the coupon level would be. The most recent Federal government issue was fixed 60 basis points higher at 100.85 to yield 6.32 per cent. Bayerische Vereinsbank will announce today a DM300m five-year 5 per cent bond for Rayerische Vereinsbank Overseas Finance, priced at 100%. In grey market trading yesterday the bond was quoted at around less 1% bid. Fees are not disclosed.

continued firm, with price gains year.

mixed. A SFr150m 4% per cent Nikko Securities (Europe) led 10-year bond for the Frovince a \$120m deal for Shimadau, a

DSM, the Dutch state-owned chemicals, plastics and fertilisers company. The 4% per cent bond, priced at 101, was quoted in grey market at around less 1% bid, the level of its selling

Swiss Bank Corporation led a SFr100m six-year bond for Hydro Electrica Iberica, the Spanish electricity utility. It has a 4% per cent coupon and 100% issue price.

A SF780m convertible for TBC Electronics, the sales arm of Tokyo Electric – the first such deal in Switzerland since the stock market crash – closed its first day's trading at 104 to 1054, against a par issue price. Two Japanese equity warrants bonds emerged in the Eurodollar sector. Both fiveyear par-priced issues carried indicated 5 per cent coupons, a level which has become standard since this sector was Swiss franc foreign bonds reopened at the start of the

of Saskatchewan closed its precision instruments company, second day's trading at 100%. which traded at 101 bid. Daiwa Three new bonds emerged. Europe launched a \$100m deal Banque Parihas (Suisse) led a for Nankei Electric Railway, SFr110m seven-year bond for quoted at less 14 bid.

FT INTERNATIONAL BOND SERVICE

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† Only one market scalar supplied a price

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Deted 29th January, 1988

33 King William Street, London EC4R 9AS

S.G. Warburg & Co. Ltd., · This Notice is given by ASDA-MFI GROUP PLC

Rank's £208m beats forecasts

Rank Organisation, leisure and entertainments group, yesterday amounced pre-tax profits up 27 per cent from £164.1m to a record £208.3m for the year to the end of October 1987. Turnover was lower at £668.4m, against £718.1m. Earnings per share rose 28 per cent to 58.2p (46.4p) and a final dividend of 14.5p is proposed, making 21.75p (18p) for the year.

The results were ahead of

The state of the s

55 A 14

Rank Organisation, leisure and television services made sold its UK marinas and the defendence of the pear to the end of October 1987. Turnover was lower at £668.4m, against £718.1m.

The Full Kerox contribution services made sold its UK marinas and the Wings holiday company and although the company remains diverse it now has the capacity to concentrate on sector strengths. In addition, reorganists £668.4m, against £718.1m.

Sold its UK marinas and the Wings holiday company and although the company remains diverse it now has the capacity to concentrate on sector strengths. In addition, reorganisation of the balance sheet will increase Rank's borrowing powers about £3.7m as a result.

The Full Kerox contribution ings. Rank Xerox's Japanese arm, Fuji Xerox, benefited by about £3.7m as a result.

The results were ahead of City expectations and the shares rose 37b to 624p on the news, before closing at 821p.

The share of Rank Xerox contributed trading profits of £110.3m (£81.1m) with the other industries recording profits except precision industries recording profits except precision industries recording profits above an increase in trading profits except precision industries recording profits except precision industries recording profits above an increase in trading profits except precision industries recording profits above an increase in trading profits and a recreation.

The holidays and recreation sector increased trading profits in £18.5m to £43.9m; film



Peachey makes £58.5m bid for EPIC

Peachey Property yesterday swap with Phoenix Assurance launched the second significant gained control of 25 per cent of takeover bid in the property sector since the stock market EPICs equity in a deal valuing sector since the stock market

sector since the stock narket collapse when it made a £58.5m cash bid for Estates Property Investment Company.

The bid was promptly but cautiously rejected by EPIC which said that the price undervalued the company and that it was in any case having discussions with other bidders.

Just before Christmas, Translagar House sought control of Chase Property in the first major property takeover attempt since mid-October.

The Peachey offer has been pitched at 240p a share with a loan note alternative. It has been accepted by London Securicities which last year in a share was made to EPIC earlier this

week.

EPIC noted on both January 12 and on January 20, when it announced pre-tax profits for the half year to October 31 of £2.04m, that it had received more than one bid approach. Who the other bidders are is not known.

diluted net asset value, in April 1987, is 214p and its share price just before the Peachey bid talks started was 200p, so the actual offer price is at a premium to both.

If the bid succeeds it will be financed from Peachey's are in the price in the price is at a premium to both.

Mr John Brown, Peachey's managing director, explained yesterday that the EPIC property portfolio was complementary to that of Peachey. He is particularly interested in its industrial property interests.

"We are under weight in industrials. They are going to improve in the next year or two. This is the time to be buy-

financed from Peachey's own resources, which in recent months have been boosted by a £31.8m rights issue, the sale of a significant City of London property and a sterling com-mercial paper programme.

After the rights issue gearing dropped to 42 per cent. It would be increased for a short period by the financing of the acquisition but then reduced again by property sales as the two different portfolios were

TIP Europe to join market next month

By Philip Coggen TIP Barope, the trailer rental company which abandoned its plans for flotation in the wake of October's crash, now plans to

join the market next month. The company intends to raise The company intends to raise just £15m - the maximum allowable via a placing on the main market. It had earlier hoped to raise £25m, which would have required an offer for sale. TIP's initial market capitalisation is now expected to be £80-85m, rather than the £100m planned in October.

The company is planning a dual listing in London and

Argyle Trust profits jump and £3m placing

Argyle Trust yesterday the basis of £1 nominal for reported a 57 per cent jump to 51.1m in 1987 profits and at the same time announced a \$3m placing to permit the further expansion of its secured lending interest take up their maximizers.

The company plans to raise \$2.9m, net of expenses, by an issue of \$3.05m nominal i1 per cent convertible subordinated unsecured loan stock 1992. The took \$288,000 (added \$5,000) stock has been conditionally placed at par with Clerical, were \$1.2p (3.34p). The dividend is raised 50 per cent to 3p. ance Society, although share.

rance Society, although shareholders are being offered the
right tosubscribe for the loan
right tosubscribe for the loan
stock in proportion to their
holding.

The stock is being offered on

The stock is being offered on

RHM well ahead after four months

Ranks Hovis McDongall, the bakeries and food group in which Australasian company Goodman Fielder Wattie holds a near-30 per cent stake, yester-day told shareholders that results in the first four months of the current year were "well ahead" of last time.

"On present indications," said chairman Sir Peter Reynolds at the annual meeting, "we look forward to an excellent year." The board's recent decision to

refuse GFW any boardroom representation was warmly welcomed by the 200-odd shareholders who turned up for the meeting.

The Rank Organisation 1987 Results

Profit before tax	1987 £208.3m	<u>Increase on 1986</u> +27%
Earnings per share	58.2p	+28%
Ordinary dividend	21.75p	+21%

idged profit and loss account for the year ended 31st October 1987 is an extract from the Report & Acco All be filled with the Registrar of Companies upon which the auditors have given an unqualified re

Another year of progress



The 1987 Report & Accounts will be posted to shareholders on 18th February 1988.

Copies may be obtained from the Secretary, The Rank Organisation Pic,

6 Communght Place, London W2 ZEZ.

Lonrho 21% ahead and seeks own shares

By Clay Harris

Lourho, international trading group, yesterday reported a 21 per cent advance in pre-tax profits to 5200.2m in the year to September 80 1987 and said it would seek shareholders' approval to buy in up to 15 per cent of its shares. It also announced a one-for-six acrip issue, which follows issues on a one-for-10 hasis in each of the preceding two years, and a 19 per cent dividend

with an 11p rise to 262p in the heaviest trading day in the heaviest trading day in the stock since Big Bang. Volume on the Stock Exchange's Seaq screen-based trading system soared to 9.7m shares. The decision to seek its first authority to buy shares was made after the October crash, Lonrho said. It wanted to be able to act

It wanted to be able to act swiftly if share prices fell sharply again.
The directors stressed

that the company was in a strong liquid position after strong liquid position after another record year. Cash and unused borrowing facil-ities exceeded £1bn, com-pared with shareholders' funds which grew by more than 50 per cent to £924.2m (£613.6m). However, Lourho did not

escape criticism from House of Fraser, its long-time antagonist, which noted "with interest the improved profits" but was concerned that earnings per share were "still substantially lower than in 1976."

in a reference to a clash over Lonrho's 1985-86 accounts which led to legal action, Fraser said: "We look forward to the publica-tion of the detailed report and accounts which of course will be subject to the closest scrutiny.

"We are particularly interested in any changes of presentation which may be made in light of the assurances which we understand to have been given to the Department of Trade and Industry "Freez said

the Department of Trade and Industry," Fraser said. Mr Paul Spicer, Loarho director, dismissed the statement as a "pathetic press release."

The group's pre-tax advance from \$165m was achieved on tarmover 14 percent "shead at \$8:01bm (\$2.65bm). Turnover figures exclude share of associates' sales - \$602.5m (\$559m) - although the pre-tax profits include \$36.3m (\$24.5m) from associates.

Trading improvements in overseas subsidiaries, especially in Africa, helped to offset sterling's strength against local currencies. There was particular bene-

There was particular benefit from increased volume in its mining operations.

Newspaper investments in the UK, however, resulted in extraordinary charges. Lonrho reported a 54.3m loss on the disposal of its majority interest in News (UK), former publisher of Today.

There was also a large, but unspecified charge relating to the closure of the printing operation at the Observer. Along with other closure costs, these charges reduced the \$71.1m extraordinary profit on the sale of the Metropole Casino Group to a net \$43.6m credit (£12.4m charge in 1986).

Tax of \$83m (\$71.4m) reflected a decline in the effective rate from 43.4 per cent to 41.4 per cent Minority interests fell to \$18m

Earnings per share were 30.1p (23.2p adjusted). Fully diluted earnings rose to 27.5p (21.7p).

A final dividend of 8p A final dividend of sp (7p) will bring the total to 13p (10.91p adjusted). In line with its practice, Lon-rho will simultaneously pay an unchanged first interim dividend of 1p. The scrip issue takes effect after-

Dee forecasts 4% fall in profits to £185m

Dee Corporation, grocery group, yesterday forecast pretax profits of about £185m for the year to end-April, four percent lower than the previous 12 months. The group is combating a \$20n bid from Barker & Dobson, much smaller sweets and supermarkets company.

The forecast came only hours after the Takeover Panel published a ruling that there were no grounds for deciding that the offer should lapse. It said

son, much smaller sweets and supermarkets company.

The forecast came only hours after the Takeover Panel published a ruling that there were no grounds for deciding that the offer should lapse. It said that the bidder had made available information required by the Takeover Code.

the Takeover Code.

The full Panel meets on Wednesday to hear an appeal by Dee against an earlier Panel executive decision that B&D was not in breach of the Takeover Code. Dee argued that B&D had failed to comply with the Code's provisions "as to the sufficiency of information and sufficiency of information, and standards of care and accuracy in preparing its documents to such an extent that the Panel

should require the offer to

lapse."
The Dee forecast was in line with City estimates and came

declared the offer uncondi-

Provident Society has accepted its offer, lifting its entitlement over Bushells' shares to 72.6

per cent.
The revised offer, which will expire on February 12, values each Bushells share at A\$2.49, compared to its initial offer of A\$2.30.

tional.

Yesterday, Mr Alec Monk, Dee's chairman, attributed the earnings fall to four factors: reduced profits at Hermans, its US-based sporting goods chain; the substantial rise in interest charges on the back of the supermarket development programme; the one-off problems at Gateway, which hit princity pally in the first half; and the rising tax charge.

Hermans, he stressed, would be in profit for the full year. It incurred a \$5.5m loss in the of first half, but has its profits heavily skewed to the second of six months.

Mr Monk added that there

Mr Monk added that there were no plans to dispose of the US chain and intended adding see Lex

Investment benefits help Unilever lifts offer Everards to £1.37m for Bushells

Unilever, the Anglo-Dutch consumer products group, yesterday announced that it had raised its takeover offer for Bushells Holdings, the Australian tea and coffee distributor, to walve the business at

to value the business at A\$202m (£81.2m), compared to A\$187m in its initial bid. It has per cent to 49.8p. Unilever already held 48.9

Everards Brewery vesterday company was well placed to reported a 6.5 per cent rise in taxable profits from £1.29m to £1.37m for the year ended September 26 1987, on turnover up 6 per cent from £19.29m to £20.45m.

Light distribution of £2.25m to £2.45m.

Light distribution of £2.25m to £2.25m to

£20.45m.

A final dividend of 4.8p is recommended, making 9.2p for the year, compared with 8.8p. ber 31 1987. Sales reached Earnings per share increased 26 £5.36m, against £5m. Share-bolden margins heiped Heavitree Brewery to raise its commended, making 9.2p for coreadyin the year ended October 31 1987. Sales reached £5.36m, against £5m. Share-bolden in the commended in the per shall be a second to the per sent to 49.8p. per cent to 49.8p. holders in the company, which Mr Richard Everard, chair- operates in Devon, receive a per cent of Bushells before launching its offer, so the revised bid will only cost it around A\$103m. The company said that the Australian Mutual period were beginning to be after tax of \$369,000 felt. He was optimistic that the (\$331,000).

Corres - Total Total

DIVIDENDS ANNOUNCED

each Bushells share at A\$2.49,		Current	of payment	ponding div	for year	last year	
compared to its initial offer of		раушети	beameter	m.	Jean	Jem	
A\$2.30.	Argyle Trustfin	3	-	2	3	2	
	Assoc Fisheriesfin		Apr 11	3.5	5	4	
Warner Estate	Border TV §int		-	0.6	-	1.4	
Wainer Estate	BTS Group §int		-	1.3	-	4.25	
advances 14%	Dale Electricint		-	1.5		3.5	
auvances 1470	Everards Brewfin		Mar 15	4.8	9.2	8.8	
	Fitch Lovellint		Mar 31	3.8		11.3	
Warner Estate Holdings			-	1.55	2.6	255	
raised pre-tax profits by 14 per	Fletcher Kingint	2.5t		<u>-</u>	-	3	
cent from £3.89m to £4.43m in	Haynes Publishint	. 7	Apr 29~	<u>Б</u>		14_	
the year to end September	Heavitree Bwyfin		-	9	12.4	11	
1987. Turnover for this prop-	Kershaw (A)fin			.11	18.5	15	
erty investor rose 15 per cent	London Investint		Apr 8	0.54		1.5	
to £12.64m.	Lonrhofin		-	6.4	12.91*	10.83	
Earnings per share came out	Lonrhoint		-	0.91*	-	12.91	
at 29.9p (26.5p) and a final	Nesco investnt		-	. 2	-	2 4.8	
payment of 18.5p (15p) makes	Park Foodint		A 7	1.55 11.75	21.75	18	
a total of 27p (22.5p). A pro-	Rank Organfin		Apr 7			22.5	
posal is also being made to	Warner Estfin		- B	15	27	0.6	
sub-divide the 25p shares into	MEDD (goschit)	0.13	Apr 8	0.13	•	6.2	
DIM-MANIE MIC ON BURNES MICH	Wintrustint	2.25	Mar 31	2	•	0.2	

Solution the 200 attacks are specified and a surpluses arising from the sale of investment properties was \$4.13m. Solution issues \$USM stock. Unquoted stock. Third market.

WILDING PROFITS UP 60%

Wilding Office Equipment PLC - the office equipment retailer has announced outstanding final results for 1987, its first financial year since obtaining a Stock Exchange listing in December 1986.

Year ended 30 September	1987 £'000	1986 £'000	_
Turnover	30,849	22,207	UP 39%
Profit before tax	2,021	1,264	UP 60%
Earnings per share	11.7p	7.6p	UP 54%

the year - as forecast at the time of flotation.

Growth has continued in all the

Company's activities

Six more shops opened — two more to open before March 1988. Wilding now has 49 shops plus seven in-store concessions.

Office furniture sales doubled —

now account for almost 20% of turnover. Sales for first three months of current financial year already up by 40% over the same period last year.
 The Directors view the current year with specified as the current year with great confidence For a copy of our 1987 Report and Accounts, please contact the Company Secretary on 01-478 6900 or at the address below:

OFFICE EQUIPMENT PLC

Telephone: 01-514 1525 Telex: 264371 WILDIN G Fax: 01-478 0436

531-535 High Road Ilford Essex IG1 1TZ

91-93 Boulevard Pasteur 76015 PARIS

NOTICE TO NOTEHOLDERS and BONDHOLDERS

CAISSE NATIONALE DE CREDIT AGRICOLE

1) A law No. 88.50 dated January 18, 1968 provides for:

(i) a change of the legal status of Calese Nationale de Credit Agricole ("C.N.C.A.") from that of a Public Institution (Etablissement Public a Caracters Industriel et Commercial) to that
of a corporation (Scoleta Anonyme) subject to Franch private law, fully owned by the Franch State.

sts and liabilities of the former "C.N.C.A." are transferred to the new "C.N.C.A."

2) "C.N.C.A." shall continue to be subject to the tows and regulations governing all banking institutions in France.

Ivory & Sime - the Scottish management company which runs Britain's third largest investment trust stable - yesterday unveiled an innovative a new investment trust, to be reconstruction scheme involved called Selective Assets trust.

Under the scheme, shareholders in all three trusts will be offered a three-way option:
• First, they can switch into

called Selective Assets trust. The fund will have a two-tier trusts, together covering \$300m-worth of assets.

The reconstruction package will give private investors their first opportunity to put money into a fund where the yield and capital return move directly in line with the FT-A All-Share.

The three trusts involved are Atlantic Assets Trust, with net assets of about £184m; Edinburgh American Assets Trust, worth some £100m; and Japan ence to the gross yield on the Ail-Share.

The ordinary shares, mean-The ordinary shares, mean-while, will enjoy any outper-formance which the managers achieve over the All-Share; their underlying asset value will be the asset value of the new trust minus the appropri-ate provision for capital entitle-ment due to the Index stock-bulders

holders.

Secondly, shareholders can switch into a new open-ended umbrella fund offering a range of investment options — in total, 15 sub-funds. The company, to be called Ivory & Sime Atlas Fund, will be incorporated in Luxembourg and listed on both the London and Luxembourg stock exchanges. Because the fund is open-ended, the

shares will trade at net asset option of switching to Nippon value. Those shareholders in Atlantic, Edinburgh American, Atlante, Edinburgh American, and Japan Assets who wish to cash in their holdings at close to net asset value will, there-fore be able to do so by taking

 Thirdly, Atlantic share-holders can switch to shares in the Independent Investment Company, a venture capi-tal/technology-oriented trust, managed by Hambrecht & Quist, Ivory & Sine. Edinburgh American shareholders can take shares in GBC Capital, 2 Montreal-based closed end investment company. Japan Assets investors have the

Assets Investments, a Luxem-bourg-based closed end com-pany. In addition, this option will require shareholders to take some Atlas shares - in respect of at least 10 per cent of the package.

Shareholders will be able to combine their elections subject to certain minimum "package" sizes being achieved.

The Ivory & Sime scheme is variant in a string of invest-ment trust reconstructions recently, and is beaten in size only by the Scottish National sation last autur

Caledonia acquires **25% of ESI**

By Clay Harris

Caledonia Investments, the investment group controlled by the Cayzer family, has bought a 25 per cent stake in English & Scottish Investors and empha-sised its support for moves to retain the company's status as an investment trust.

Caledonia, until last year the dominant minority shareholder in British & Commonwealth Holdings, bought 25.4 per cent of E&S's ordinary shares from the Water Authorities Superanuation Fund. This will give Caledonia 24.8 per cent of the

voting rights.

The price of the transaction was not disclosed, but was close to market price. Compared with net asset value of 120p, E&S ordinary shares yesterday lost 5p to 101p and the B shares 4p to 102p. E&S has a market value of about £81.5m.

Atlantic Resources

Atlantic Resources has acquired AB Exploration, a wholly-owned subsidiary of Associated British Foods, for £3.5m in cash.

Flavell makes £4.8m bid for Waverley Cameron

Cameron took a dramatic new turn last night when Mr Kevin Doyle's Flavell Communica-tions launched a 500p cash bid which values the Scottish sta-tionery manufacturer at \$4.8m.

tionery manufacturer at \$4.8m. The bid, announced after Waverley Cameron shares had closed unchanged at 443p, will intensify the fight between Flavell and Sanda Investments, the company controlled by Mr James Gulliver, Argyll Group chairman, to which the Waverley Cameron board proposes to issue a controlling stake at 120p a share, a plan opposed by Mr Doyle.

opposed by Mr Doyle. Earlier yesterday, Flavell raised its stake to 25.6 per cent. The Waverley Cameron board is to meet today. Mr Gulliv
Mr Doyle said last night that Grossart.

THE BATTLE for Waverley he wanted to build up Waverley Cameron with complementary acquisitions. None of his private interests would reversed into the listed com-

Under the plan, which depends on Waverley Cameron shareholders rejecting the Sanda plan on February 17, Mr Doyle would become managing director, with his long-time colleague Mr Alister Cunningham as the other executive director. Sir Monty Finniston, former chairman of British Steel, would be non-executive chair-

Flavell is advised by British Linen Bank, Waverley Cameron by Bell Lawrie, and Sanda by Mr Gulliver's co-investor, Noble

Wintrust lifts profits by 14%

pally involved in merchan-banking, announced a 14 per cent rise in pre-tax profits to \$2.08m for the six months \$2.08m for the six months strength had not been under-mined by the lack of confidence Earnings moved ahead by 18 in financial markets since the per cent to 13.57p per 20p October crash

Wintrust, which is princi-share, and the interim dividend pally involved in merchant is lifted to 2.25p (2p). banking, announced a 14 per Mr Richard D. Szpiro, manag-

1987 pre-tax profits up 44%

Share Drug Stores talks with potential bidders

Share Drug Stores, the 145strong chain of drug stores quoted on the USM, said yestersnares rose 38p to 290p on the snares rose 38p to 290p on the announcement, valuing the resources to expand, Mr Brear-company at £30.5m. On the earnings reported for the year greater opportunities to grant to end August 1987 the p/e as part of another and Brearles.

Although the company is pleased with current trading and Share Drug has sufficient at the ecould be earnings reported for the year greater opportunities to grant to end August 1987 the p/e as part of another another another and another day that discussions were in progress which could lead to an offer for the company. The shares rose 38p to 290p on the

mr Paul Brearley, finance director, would not dislose the potential bidders yesterday but said that more than one party was involved and the talks were still at an early stage. He said that discussions might take a few weeks to complete.

Any offer would have to gain the acceptance of Mr Alan Prince, chairman and managing

director, and Mrs Sylvia Prince,

Telfos stake

strial Securities, the Australian investment company, has sold its 29.9 per cent stake in Telfos, the engineering group. The shares have been placed with clients of Fiske & Co and Douglas le Mare. On news of yesterday's sale, the shares fell 3p to 119p.

a non-executive director, who founded the business and together hold 66.3 per cent of

as part of another company.

The move follows the agreed offer from Woolworth Holdings for Tip Top Drugstores last week. The 110p a share offer valued Tip Top, which has 110 shops, at £18m. Share Drug's statement was seen yesterday by analysts as another example of the turmoil within the drug store sector.

These stores, selling a range These stores, selling a range of over-the-counter medicines, toiletries, beauty aids and household items usually at discounted prices, have been expanding rapidly in recent years. Share Drug's arrival on the USM in October 1984, through a placing at 140p, followed Superdrug's flotation in 1983

Woolworth and other possible buyers would not comment yes-terday on whether they were talking to Share Drug.

profits before tax rose by

as a result of lower

absence of factory

affected 1986.

interest costs and the

closure provisions which

over 44% to £169.7 million

Birmid in attack on 'stagnant' **Blue Circle**

By Michael Smith

THE GLOVES came off yes-terday in the battle for con-trol of Birmid Qualcast when the lawnmower, boiler and cooker group launched a fleree attack on its preda-trate transfer and metions tor's record and motives. Birmid described Blue Cir

cle, which has launched a \$275m hostile takeover bid for it, as a "stagnant coment company in search of a destiny. It appears to be lacking as a total to have questionable prospects."

In a letter to shareholders lived about complete a lacking the stage of the stage

In a letter to shareholders
Birmid also described Armitage Shanks, Bine Circle's
bathroom equipment subsidiary which would merge
with Birmid if the hid ancceeds, as an "embarrassing
diversification."

Mr David Poole, Blue Circle managing director,
countered that Birmid's
statement was misleading

statement was misleading and that criticism of his company was not relevant to the bid because the offer was in cash. Blue Circle had an excellent future and

an excellent future and Armitage had been highly successful.

Yesterday's interchange marked the first time that either company had criticised publicly the strategy of the other.

of the other.

Blue Circle yesterday increased its stake in Birmid to 30.9 per cent. Passing the 30 per cent mark is significant; unless Bine Circle had done so by Saturday it would have been prevented, under Takeever Code rules, from buying more shares in the market. Sources close to the com-Sources close to the com-pany said it was unlikely now to introduce a shares alternative into its offer.

in yesterday's document, extitled "Birmid Qualcast and Blue Circle: Nothing and line circle: Rothing Fits," Birmid depicts an attempt to fit a rectangular object, with a Birmid logo on the sids, into a blue cir-

Birmid says that operating profits at Armitage have fallen each year since 1984 and that overseas operations have been reduced. "Blue Circle's so-called financial and international strengths do not appear to have bene-fited Armitage."

Ricald save to be motives for the bid are "purely defensive an attempt to diversify away from its difficulties in

cement."
Armitage's performance has been held back in recent years by problems with its US operation. Mr Poole said Armitage's UK profits had improved 20 per profits had improved 20 per cent compound each year since Blue Circle had bought it. "We are talking about Armitage Shanks UK combining with Birmid Qualcast UK. Overseas per-formance has nothing to do with it."

Mr Poole suid Bine Circle had transformed the prospects of its UK cament husbreak up of a market cartel last year. "It has dramatically improved efficiency

Britoil bolsters BP defence with £404m profits forecast

Britail, the independent oil company, yesterday bolstered its defence against an unwelcome takeover bid from BP by issuing a 1987 pre-tax profit forecast at \$404m, up from \$134m in 1986. A full dividend for the year was forecast at 12p per share.

Mr David Walker, chief executive, said discussions were says only that it will discuss its position in the event that a majority holding in Britoil is actually acquired, or is certain to be acquired.

Mr Larry Tindale, we get the worst of possible worlds out of the golden share now."

Britoil believes the existence of the special share had

ntive, said discussions were proceeding with one other comproceeding with one other company that could be in a position to launch a counterbid for the group. The improved BP bid, at 500p per share, still undervalued the company, he said.

BP holds nearly 30 per cent of Britoil shares, and is set to acquire 24 per cent from Atlantic Richfield. The US group says it intends to accept the BP offer, although it has indicated that it would accept a higher offer if one materialised.

The Britoil management

The Britoil management expressed considerable trustra-

expressed considerable frustra-tion at the Treasury's refusal to be more specific about how it would use its special share in the company should BP acquire a majority, as seems likely. Mr Walker said: "We are dis-appointed (at the Treasury's

stance) because it is important in advising our shareholders to know how the Government will

The Government technically acquired control over Britoil at the launch of the BP bid, and

group constraint, sand the worst of possible worlds out of the golden share now."

Britoil believes the existence of the special share had depressed its share price prior to the BP bid and was discouraging possible rival bids for the company that would give share holders more value.

"There appears to be only one company that is voluntarily willing to take on the British Government," said Mr Walker.

Britoil appeared to be hoping that the Government would issue assurances that BP would not be allowed to influence the Britoil board should it fail to gain control of 100 per cent of the company's shares. One company official suggested that even a cancellation of the spectrument of the spectrum of the second of the spectrument of

even a cancellation of the spe-cial share might help share-holders, since it would encour-age rival bids.

A valuation of Britoil prepared by Robertson ERC, the independent consultant, which valued the shares at 699p each was defended by Mr Walker. The valuation had been criti-

cised for over-optimistic assumptions on oil prices and the sterling exchange rate.

Mr. Walker said the figures has not said concretely how it Mr. Walker said the figures would use the share to preserve used were conservative com-Britoil's independence, which it pared to those used by oil has vowed to do. The Treasury experts and bankers.

Thomas Jourdan acquisition

manufacturing and marketing company, yesterday amounced the proposed £5.78m acquisi-tion of Unerman Holdings, a manufacturer of handles, and a series of transactions to eliminate its cross-holdings with Mary Quant Holdings, fashion products design group.

Jourdan elso revealed that trading results for 1987 had been adversely affected by

Thomas Jourdan, diverse pects for 1988 were said to be

four-dan is buying Unerman from Macpherson through the issue of 2.99m shares and will provide \$1.66m and issue a further 324,000 shares to repay an inter-company debt. It will also buy Unerman's main premises for £1.3m cash. Macherson will be left with about 21 per cent of Jourdan's shares.

Agreement has also been reached for the sale of Mary non-recurring component sup-ply problems at its Suncrest mous fashion designer, and Mr Surrounds subsidiary. Pros-lan Lyle, its managing director.

U.S.\$35,000,000 SERIES 24

TELEFONOS DE ATA MEXICO, S.A.

(Organised under the laws of the United Mexican States) Six Month Notes Issued in Series

under a

U.S.\$75,000,000

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Notice is hereby given that the above Series of Notes issued under a Note Purchase Facility Agreement dated 5th May, 1982, carry an Interest Rate of 711/16% per annum. The Maturity Date of the above Series of Notes will be 29th July, 1988.

29th January, 1988

Samuel Moutagn & Co. Limited Issue Agent

NORTHERN ROCK BUILDING SOCIETY

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> Agent Crédit Lyonnais

21st January 1988.

Record sales and record profits were again achieved by disposals in engineering and housewares. in 1987. The very good profit performance was due Trading profits at £181.4 million were up 18%; to excellent results from the tobacco sector and Summary of Results sound growth from

for year ended 31st December 1987 (unaudited) optics, distribution and £ million £ million Group Turnover 3,886.7 were, however, reduced Group Trading Profit 181.4 Interest Charges (11.7)Group Profit

before Taxation

3.404.7 +14% 153.3 + 18%(14.0) - 16%

117.4 +44%

Tobacco

Trading profits increased 29%

office products. Total

non-tobacco activities

Although the consumption of cigarettes in the UK continued to decline, excellent market share growth produced a strong volume gain for Gallaher. Sales of cheap, marginally costed imports were stemmed by the absence of a duty increase.

Cigar sales volume, led by Hamlet, was up and pipe tobaccos achieved a higher share of a rather depressed market.

Overseas tobacco companies had mixed fortunes with Gallaher Dublin well ahead, but Ritmeester affected by lower demand for Dutch cigars and Niemeyer being held back by price cutting in West

Optics

Trading profits increased 24%

In the face of increasing and aggressive competition in the UK. Dolland & Aitchison considerably strengthened its position as the most successful retail Optical Group. The new "Eyeland House" Optical Department Stores continued their development, and the expanded Optical Instrument Division showed good growth.

Overseas, record results were achieved in both Italy and Spain and good progress was made in Switzerland and Ireland.

Since the end of D & A's financial year, three optical groups have been acquired, which complement the existing operations.

Distribution

169.7

Trading profits increased 17%

Record results were achieved by T.M. Group whose drinks vending side has developed particularly successfully. Forbuoys, a leading newsagent and tobacconist group, had the benefits of a full year contribution from N.S.S., acquired during 1986. Together they are: the second largest chain-of its kind and profits were well ahead.

Office Products

Trading profits increased 32%

Ofrex Group had a record year with all the UK manufacturing operations contributing. Results from Marbig in Australia, acquired during the year, were well ahead of expectations.

Housewares

Comparisons with 1986 are distorted by the disposal of the profitable South African and Swedish companies. Adverse exchange rates and UK production problems also affected results. Following topmanagement changes a recovery in profits is in prospect.

Engineering

Comparisons are again distorted by disposals. Saunders Valve, FIP and two specialist pump companies were sold during the year. Results from the remaining companies in the Mono Pumps Group

Outlook for 1988

During 1987, the Group took steps to concentrate its portfolio of operations by strengthening its core divisions and disposing of peripheral activities. It enters the new year confident that results will continue their strong upward momentum.

S. G. CAMERON, CHAIRMAN

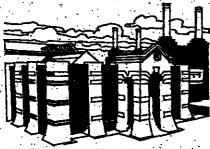
Gallaher Limited, Members Hill, Brooklands Road, Weybridge, Surrey KT13 0QU Tel: 0932 859777. Telex: 25505.

Your Company has had a highly successful year in all respects and this is reflected in the results I am able to present to you. Profit before tax has increased to a record £200.2 million and earnings per share are up at 30.1 pence on an increased

share capital.

The Group balance sheet is strong with shareholders' funds substantially up at £924 million and cash balances at the year end of £313 million. The book value of the Group's assets is considerably below their real worth, and this is one of the reasons for the Lonrho share price reaching record. highs during the year. Your Company's businesses are at varying stages of mannity and there is growth throughout the Group. Lonrho's unused banking facilities and strong cash position give us immediately available funds in excess of one thousand million pounds to support further expansion without recourse to share issues

Many companies contribute to the prosperity of the Group. However, there have been some significant changes this year which I will mention in particular. In October 1986 Lourho entered into partnership with Mr Robert O Anderson, the creator of Atlantic Richfield, by acquiring six hundred producing oil and



gas fields in the USA through the Hondo Oil & Gas Company, which we jointly own. Hondo has made a healthy profit under the experienced leadership of Mr Anderson and has been further expanded since the year end by merger with the Californian based Pauley Petroleum Company, listed on the American Stock Exchange.

In February 1987 we bought out our partner in Western Platinum. This year's output was 258,000 ounces of platinum group metals, from very extensive ore reserves. From mid 1989 we expect to mill an additional million tonnes each year, on the way to doubling production.

In April 1987 Ruhrglas AG, which is the largest manufacturer of table glass in West Germany and the fourth largest supplier of container glass, joined the Lonrho Group. Ruhrglas is a very old company which nevertheless is highly amomated. Shareholders may judge the scale of production by the sales, last year, of over a billion individual pieces.

Early in the year the Directors decided to put your company into a strong liquid position, which is reflected in the balance

A substantial amount of money has been realised through the disposal of group assets. In June 1987 we were approached with an offer for the United Kingdom casino interests of £128 million. The sale was concluded in July. Simultaneously
Lourho agreed to sell News (UK) to News International for £33 million.

Further funds came through the successful listing of 20 million shares on the Tokyo Stock Exchange. The offer was fully subscribed and will provide us with a presence in the Far East from which we can expand. I should also like to welcome our new Japanese shareholders. We also raised a further £60 million through a 4.5% convertible bond in August.

Sterling has appreciated this year against all the currencies of the countries in which the Group operates. Despite this our overseas subsidiaries, and particularly those in Africa, have generally traded well. Precious metal prices have been favourable, bringing increased contributions from the

Group's mining companies.
There are 124,000 people working for Lourho throughout the world. One of them was my oldest and best friend, Alan Ball, who this year gave up his brave struggle with illness. He was a Director of Lonrho since 1951, and Chairman for many years. We miss him. He did so much for Lonrho.

Lord Duncan-Sandys died in November. He bonoured our Company by serving as Chairman for twelve years, and later as President. He was a marvellous colleague who was always interested and active on the Company's behalf.

Foremost among the capable and kind, George Cappendell made his entire career in the Ashanti Goldfield. He died in the Spring of last year. He was honoured by the Ghana Government and, with unique distinction, appointed to a Chiefdom. Shareholders will share the Board's feeling that we are lucky in enjoying the company and the abilities of men like George Cappendell.

I know you would wish to join the Board in thanking all the many people who are employed by Lourbo for their initiative and hard work which have contributed to the strength of the Company. Lourho is soundly based and looks forward to further progress, and this year's results. justify an increased dividend and a one for



Lonrho's results justify an increased dividend and a one for six bonus issue

R W Rowland, Chief Executive

The following is taken from the Review of Operations for the year ended 30 September 1987: MINING AND REFINING

Our mining division had a very successful and profitable year as a result of increased production, firmer precious metal prices and well controlled operating

We have increased the production of platimum group metals for the tenth succes ive year to 258,000 ounces and remain the lowest cost producer in the industry.

Group gold production also increased ubstantially to 442,000 ounces. Output from our Zimbabwean mines reached. another all time high but the largest gain came from Ashanti.

Small-scale production began at the Erideel mine and output is planned to increase rapidly over the next few years to a level of over 400,000 ounces a year. We hold a 36% interest in this important investment with most of the balance held by the Anglo-American group of companies. Coal sales also reached a record level of 3-5 million tonnes but profits were

affected by lower dollar prices. The Group also produces asbestos and anthracite. A joint venture with the Government of Zambia to promote the mining and marketing of amethysts was agreed this

AGRICULTURE

Lonrho is Africa's largest food producing company. Ranching and crop cultivation are spread over a million and a half acres. The total herd is 125 thousand head.

The results of the Group's seven sugar estates were, once again, at record levels with significant contributions from Swaziland and

Mauritius. Total Group production was approximately half a million tonnes. The overall profitability of the Malawi estates was improved. The East

African Tanning **Extract Company** in Kenya performed well.

In Malawi, tea yields were down due to elow average rainfall and tea prices also fell throughout the year. 5 million kilos were produced.

In Mozambique the Group, in pariner-hip with Government, now employs over 3,000 people on its four estates growing food for local markets. Cotton lint was

exported for the first time.

The Group's tea estates in Tanzania were expanded during the year by the acquisition of the Luponde Tea Estates.

Kalangwa Estates in Zambia improved the yields and performance of its dairy herd and obtained exceptionally good results from livestock and irrigated crops.

The Wante Company in Zimbabwe sold its coffee crop early in the year which yielded high prices.

Hodo's ranches, which were

acquired as part of our partnership with Mr Robert O Anderson, have over 600,000 acres of land in New Mexico and



HOTELS AND CASINOS

The results of the Princess Group were considerably improved compared to last year. All hotels in Bahamas, Bermuda and Mexico reported increased

occupancy and room rates. In the Bahamas, increases in occupanc in our hotel and in other hotels on Grand



In December the new 525 room Scottsdale Princess'in Phoenix Arizona was opened. This is our first new hotel in

the United States.

In the United Kingdom the Metropole Hotel Group has reported record profits for the second consecutive year. The programme of upgrading facilities has continued in each hotel with both bedrooms and public areas being refurbished.

Planning permission has been obtained for a major new extension to the London Metropole with conference facilities.

The Metropole Hotel Group continues to be the leading exhibition and conference

group in the country.
In Kenya the tourist industry had a boom year and all our hotels achieved record occupancy. In particular, the Mount Kenya Safari Club achieved a year round occupancy rate in excess of 85 % and the Ark Lodge in excess of 81 %.

MOTOR DISTRIBUTION

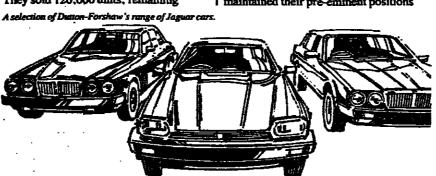
V-A-G (UK)'s performance is an all time record in terms of sales and pre-tax profit exceeding last year's record levels. They sold 120,000 units, remaining Mitsubishi, Toyota, Peugeot, Audi, Volkswagen, Massey Ferguson, General Motors, Rover Group and several other manufacturers.

PRINTING AND PUBLISHING

The significant circulation gains achieved by The Observer last year were

Printing of The Observer at the St Andrew's Hill plant ceased in March and a more economic system of contract printing involving five regional printing centres began.

In Scotland, both George Outram and Scottish and Universal Newspapers maintained their pre-eminent positions

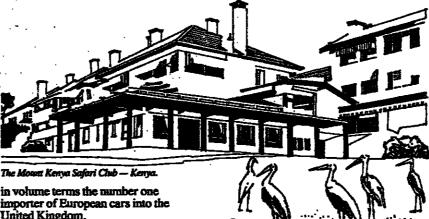


	1987	1986
Turnover	£3,014m	£2,651m
Profit before tax	£200.2m	£165.1m
Profit attributable to shareholders	£104.2m	£76.5m
Earnings per share	30.1p	23.2p
Dividends per share	13.0p	10.9p

raings and dividends per share for 1986 have been adjusted for the capitalisation issue in 1987. The seventy-ninth Annual General Meeting of Lonrho Plc will be held at the Great Room, Grosvenor House, Park Lane, London, W.I. on Friday, 25th March, 1988 at 11.30 a.m.

£313m

£220m



Cash balances

importer of European cars into the United Kingdom. Dutton-Forshaw Motors now has a

healthy spread of franchises with dependence on any one particular franchise having been considerably reduced. Jack Barclay, in their Diamond Jubilee

Year, re-confirmed their pre-eminence as the world's largest and most prestigious Rolls Royce dealer.

The results of Dutton-Forshaw Machinery have improved substantially despite the continuing recession in the agricultural machinery industry.

SEAT Concessionaires (UK) continued to expand as the fastest growing new car franchise in the United Kingdom. Vehicle sales in the year increased by no less than 57.7% compared to 1986.

The Motor Mart Group in Kenya sold over 3,000 units in the year with Toyota and Massey Ferguson tractors achieving 20% and 41% of their respective markets.



In Uganda, under a cotton barter deal, trucks, tractors and implements were sold to the Government of Uganda.

Lonrho continues to be one of the largest distributors of motor vehicles in Africa with agencies for Mercedes Benz,



development will give the Glasgow Herald and the Evening Times the benefits of the most modern production equipment in Europe.

The highlight of a year of high activity at Harrison & Son was the construction of their new high security area which will open up the new and exciting currency

Greenaway- Harrison is expanding into other areas of business Harrison Decorative Papers' second vear's trading has continued to show most

encouraging results.







Hondo Oil & Gas, our joint venture with Mr Robert O Anderson, has traded profitably in its first year. Hondo has interests in petroleum leases totalling nearly one million acres.

Since its start up in 1987 Hondo has produced in excess of 2 million barrels of oil and 10 billion cubic feet of gas from its 600 producing fields. It has also participated in more than 30 new wells,

all of which have proved to be successful. Hondo has recently merged with the publicly listed Pauley Petroleum. This will leave Lonrho's joint venture with an 80% interest in the merged company, which will continue to be listed on the American Stock Exchange.

ENGINEERING

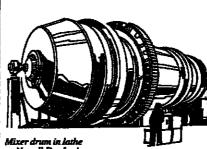
The Firsteel Group has enjoyed another successful year with profits much improved over those in 1986.

All the companies within the Steel Division experienced buoyant trading conditions with Firsteel Metal Products achieving another record year.

Within the Engineering Division, Charles Roberts Engineering is now showing positive results with a good order book established for next year. Following a major reorganisation within the Newell Dunford Group, the company will move into the new trading year with a vastly improved order book.

Ruhrglas manufactures glass containers and tableware for local sale and export, over one billion items of which are sold

W Dahmer and Co in Zimbabwe had a very good year with sales of AVM trucks and AVM buses.



In Zambia, the President of the Republic opened the cotton ginnery in Mumbwa which was completed by the Group's construction company, Delkins.

WINES AND SPIRITS

In France, the reputation of the Group's classified wines continues to rise in response to our insistence on the highest standards of viticulture and equipment, giving an increase in the value of our vineyards over the years.



A range of blended and malt Scotch whiskie from Whyte & Mackay — Scotland,

Despite intense competition, sales of Whyte & Mackay Whisky have significantly increased in the year. The Company has integrated the ten brands acquired in May 1986 into its operations and advances have been made

on sales of all the key brands. Whyte & Mackay is the second largest brand owning Company in the United Kingdom Scotch Whisky market.

In Malawi the Group's four breweries had a good year producing over 50 million litres of beer. Elsewhere the Group continues to operate a further 19 breweries in partnership with African povernments and municipalities.

In Zambia the Coca-Cola bottling company has been affected by restrictions on imported concentrate.

TEXTILES At Lonrho Textiles new designs and products were introduced into all ranges. Brentfords have opened ten shops and upgraded eight more. Accord has had a good year, with sales rising dramatically. Demand from retail groups for 'Own Brand' products has increased tremendously. The company started a £36 million programme of re-equipment of the

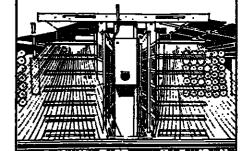
factory in the year.

Consolidated Textiles, the leading Zimbabwe blanket manufacturer, was acquired by the Group in partnership with Zanu (PF) in the latter half of the

David Whitehead Textiles (Zimbabwe) had another good year and has now established itself in the world's textile market as a reliable and high quality extile manufacturer.

David Whitehead Malawi substantially improved profitability in the year and better prices were obtained from

The Group's new cotton ginnery at Mumbwa in Zambia had a successful year ginning 10,000 tonnes of seed.

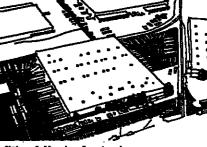


FREIGHT

Kühne & Nagel's overall performance in 1987 was good, although it was affected by the continuing devaluation of the US Dollar and a general decrease in margins in the industry.

The Kühne & Nagel Western Hemisphere Group performed extremely well. Having established new offices in four cities during the year, the Kühne & Nagel Organisation in the United States is now represented in 26 cities. Domestic Air-cargo activities have also increased.

The Kühne & Nagel Air Express Service was also initiated in Europe in April 1987 and is progressing well. In the Far East Kühne & Nagel is showing an above-average growth and



results in most of the countries in South

FINANCE AND **GENERAL TRADE**

Baumann Hinde, the Group's cotton merchanting company, again traded well during a period when world cotton prices staged a dramatic recovery from previous levels.

The P.J.H. Group further established itself as the leader in the distribution of kitchen and bathroom equipment with turnover at £55 million.

The Group's insurance division. F E Wright, has continued its steady progress during the year, with the London operations being most successful.

Kühne & Nagel's London insurance broking activities were restructured and centralised through the Wright Nacora ioint venture.

A programme of selective purchases by the Group's property companies has continued and attractive commercial shop and office complexes have been acquired. The acquisition of the freehold of

Lonrho's beadquarters, situated in a prime location in Cheapside, has great potential. The freehold premises at 45 Park Lane were sold in July at a considerable profit. Lonrho represents substantial

American aircraft manufacturers including Beechcraft and Boeing, in a number of countries in Africa. Turnpan Zambia played an important role in successfully fulfilling their obligations to the Zambian mining



The text is taken from the Chief Executive's Statement and Review of Operations contained in the Report and Accounts for the year ended 30 September, 1987 which will be published in late February. Copies will be available from the Secretary, Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V GBL.

Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL

TEXACO INC..

TEXACO CAPITAL INC... TEXACO CAPITAL N.V.

Dared: White Plains, New York January 26, 1988

NOTICE IS HEREBY GIVEN that

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

NOTICE OF BAR DATE FOR THE

FILING OF PROOFS OF CLAIM

NOTICE IS HEREBY GIVEN that

1. Pursuant to an Order of the Court (the "Bar Order"), and in accordance with Bankruptcy Rule 3013(c). March 15, 1988 is fixed as the last day (the "Bar Date") by which certain creditors of the above-named Debtors who have not already filed proofs of claim against any of the Debtors.

2. EXCEPT AS PROVIDED IN PAR AGRAPH "3" HEREOF, ANY CLAIM AGAINST THE ABOVE NAMED DEBTORS THAT IS NOT FILED IN ACCORDANCE WITH THE BAR ORDER ON OR BEFORE MARCH 15, 1998, SHALL BE FOREVER BARRED AND THE BAR ORDER ON OR BEFORE MARCH 15, 1998, SHALL BE FOREVER BARRED AND THE BAR ORDER ON OR BEFORE MARCH 15, 1998, SHALL BE FOREVER BARRED AND THE BAR ORDER ON OR BEFORE MARCH 15, 1998, SHALL BE FOREVER BARRED AND THE BAR ORDER ON OR LIABILITY TO THE HOLDER OF THE CLAIM, HOLDERS OF SUCH BARRED CLAIMS SHALL BE FORECLOSED FROM PARTICIPATING IN ANY DISTRIBUTION IN THESE CHAPTER IT CASES.

3. THE FOLLOWING CREDITORS NEED NOT FILE PROOFS OF CLAIM AT THIS TIME (A) Pennuoil Company: (B) any holder of a promissors note or a debenuter susted or guaranteed by any of the Debtors; (C) the United States Department of Energy with respect to any claims against Texaco arising under the Economic Stabilization Act of 1970, as amended, Trile 12, United States Code, Section 754(a) of seq., and the Emergency Petroleum Allocation Act of 1973, Title 15, United States Code, Section 754(a) of seq., the rules and regulations of the United States Department of Energy or any related leavisation, rules or regulations: (D) any creditor whose claim is listed in the schedules of the Debtors (iled with this Court on or about September 8, 1987 (or any amendments to such schedules) (the "Schedules"), and whose claim is not listed in the schedules as "comingent." unlaquidated or "disputed and who these not dispute the Isseed amount of its claim; (E) any holder of an administrative expenses under section 503(b) of the Bankrupty Code; (f) or the propertion of the United States of Amertman and any state or local taxing authority. holding of the e

1988.

5. ANY CREDITOR WHO HAS ALREADY FILED A PROOF OF CLAIM NEED NOT FILE A DUPLICATE PROOF OF CLAIM.

6. In the event the Debtors amend their Schedules subsequent to the date of this notice to reduce or reclassify as "contingent", "uniquidated" or "disputed", any claim(s), the Debtors shall give notice of such amendment to the holders of the claims affected thereby, which holders shall be afforded an extension of 30 days from the date on which such notice is given to file a proof of claim, if necessary, or be forever barred from doing so.

own from the date on which such notice is given to file a proof of claim, if necessary, or be forever farred from doing so.

7. EXCEPT AS PROVIDED IN PARAGRAPH "3" HEREOF, THE PROVISIONS OF THIS BAR ORDER APPLY TO ALL CLAIMS OF WHATEVER CHARACTER OR NATURE AGAINST THE DEBTORS OR THEIR PROPERTY. WHETHER SECURED OR UNSECURED, LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT.

8. STOCKHOLDERS WHOSE ONLY CLAIM IS A CLAIM OF OWNERSHIP OF SHARES OF STOCK OF TEXACO INC. NEED NOT FILE PROOFS OF INTEREST AT THIS TIME.

9. The Debtors' Schedules of claims may be examined and inspected by interested parties in the office of the Bankrupker Clerk, Room 10, the United States Courthouse, 101 East Post Road, White Plains, New York, during regular court hours.

BY ORDER OF THE COURT

BY ORDER OF THE COURT

TO ALL CREDITORS, INDENTURE TRUSTEES, FISCAL AGENTS AND

Chapter 11 Case 5 87 B 291 (2 (115)

Tobacco

boosts

UK COMPANY NEWS

Better margins give Dale a boost

Dale Electric, the generator set manufacturer which last year fended off a hostile takeover bid from Sunleigh Electronics, yesterday reported an 80 per cent rise in interim pre-tax profits and growth of almost 50 per cent in earnings

The company attributed the

For the half year to November 1, Dale made pre-tax profits of \$861,000 (\$479,000) on turnover of \$19.5m (\$19.7m). Earnings per share were 4.32p (2.93p) and the interim dividend is lifted to 1.75p (1.5p).

Mr Iain Dale, chief executive. said the same sort of growth was not expected in the second half because a large Middle East order had been delayed by two months. But the year as whole would be "demonstrably higher than last year."

decision to be more selective about the orders it takes. "We are concentrating on profits rather than turnover," said Mr Chris Coole, finance director.

including a reduction in working capital, improved trading, a
would also be achieved in the
recovery in Mexico and reduced
second half.

Borrowings were further reduced by proceeds from divestments and interest fell from £674,000 to £500,000.

Gearing is about 50 per cent.

Mexico showed a "reasonable turnround" from last year, when it made losses, but Mr Dale said he expected next year to be less good. Thailand was just below break-even but "should move into profit in the early part of next year."

The improved margins - up from 2.4 per cent to 4.4 per cent - reflect the company's cent - reflect the company's • comment comment

Dale yesterday justified the market's support for it against Sunleigh and the company promised more. Order books are rather than turnover," said Mr
Chris Coole, finance director.

Margins were also helped by cutting \$750,000 from the working capital, previously at \$58m. Mr Coole said reductions would also be achieved in the second half.

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Gearing is about 50 per cent.

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An extraordinary charge of \$116,000 was the cost of defending against the Sunleigh



Iain Dale - year would be "demonstrably" higher.

able exposure to the Middle East and Latin America and which has, over the years, pro-duced a fair number of unpleas-

Gallaher to £170m A SHARPLY higher contribution from its tobacco interests enabled Gailaher to lift its profits from £117.4m to a record £169.7m pre-tax for the 1967 year. The overall result also benefited from the absence of exceptional provisions, which adversely affected

The results of Gallaher's other activities were distorted by disposals.

Group turnover for 1987 rose by \$482m to \$3.87bn. excluding VAT, and at the trading level profits shower an improvement of \$28.1 at \$181.4m.

A divisional breakdown the trading figures shower to \$139.9m (\$107.9).

which adversely affected profits of the previous year, and sound growth from optics, distribution (which took in a full year's take from NSS Newsagents, acquired in the second half of 1986), and office products.

The results of Gallaher's

tobacco £139.9m (£107.9i...
optics £13.7m (£11m), di...
tribution £14.6m (£12.5m;
office products £7.8m
(£5.9m), housewares £1.7m
(£6.4m) and engineering
£4m (£10.3m).
Explaining the advance by
the tobacco side the directors said that although consumption of cigarettes in
the UK continued to
decline, excellent market
share growth produced a share growth produced a strong volume gain for Gal-

Gallaher is ultimately owned by American Brands of the US.

Associated **Fisheries** 38% higher

1987 Associated Fisheries raised pre-tax profits by 38 per cent to £5.69m. Turnover grew by £6.3m to £103.53m.

Globe Inv. profits advance

Globe Investment Trust expects to be quoted on the Tokyo Stock Exchange in early February and has plans to issue a convertible debt security especially designed for the Japanese market.

192.02p at the end of the financial year on March 31 last, and quotation on the Tokyo Stock Exchange came after detailed submission to the exchange and the Japanese Ministry of Finance. Prior to the issue of Classical Year on March 31 last, and quotation on the Tokyo Stock Exchange came after detailed submission to the exchange and the Japanese Ministry of Finance. Prior to the issue of Classical Year on March 31 last, and quotation on the Tokyo Stock Exchange came after detailed submission to the exchange and the expected of the financial year on March 31 last, and quotation on the Tokyo Stock Exchange came after detailed submission to the exchange and the Japanese Ministry of Finance. Prior to the issue of Classical Year on March 31 last, and quotation on the Tokyo Stock Exchange came after detailed submission to the exchange and the Japanese Ministry of Finance. Prior to the issue of Classical Year on March 31 last, and quotation on the Tokyo Stock Exchange came after detailed submission to the exchange and the Japanese Ministry of Finance. Prior to the issue of Classical Year on March 31 last, and quotation on the Tokyo Stock Exchange came after detailed submission to the exchange and the Prior to the issue of Finance.

1987 Associated Fisheries raised pre-tax profits by 38 per cent to £5.69m. Turnover grew by £6.59m to £103.53m.

An increased final dividend of 4p (3.5p) raises the total by 25 per cent to 5p.

A tax credit of £1.41m (£990,000 debit), included £3m released from the deferred provision. Earnings per share were 40.42p (17.63p). There was an extraordinary credit of £951,000 (£58,000).

specially designed for the Japannese market.

In the nine months to the end of December, Globe, Britain's said there was still much financial uncertainty both in currencies and shares following the fall in markets last October. Therefore Globe would be cautious about the timing of the cash although the difficult conditions had already produced a straordinary credit of £1.7p on December 31, a decrease of 15.8 per cent from the same dividend of 1.52p (1.38p) was paid on January 6.

Mr David Hardy, chairman, said there was still much financial uncertainty both in currencies and shares following the fill in markets last October. Therefore Globe would be cautious about the timing of the cash although the difficult conditions had already produced a number of attractive opportunities.

Globe hoped to attract many more shareholders and accord ingly further reduce the discount of the price of its shares against the asset value.

Over the nine-month period group income increased to \$34.38m (\$28.8m) and pre-tax revenue to \$25.49m (\$23.19m). Net revenue amounted to \$18m (\$16.16m).

Haynes Publishing well ahead at six months

months to end-November 1987 and the group expects to keep up product and market share growth in the second half.

Turnover for the group, whose main business is car and motor cycle manual publishing, rose from £5.81m to £6.83m and earnings per 20p share increased 94 per cent to 18.24p after tax of £538,000 (£261,000). As forecast, the interim dividend goes up 40 per cent to 7p.

The fall in the previous interim period to £732,000 prelax was due to the writing off of investment costs. A recovery in the second data to keep to titles (including second editions) the group's margins had been restored to the previous level. UK profitability was back to 20 per cent at £991,000 (£600,000) and investment was continuing in the most technologically advanced printing equipment available.

The fall in the previous interim period to £732,000 prelax was due to the writing off of investment costs. A recovery in the second deditions of a total of \$5 new titles (including second editions) the group's margins back to 20 per cent at £991,000 (£600,000) and investment was continuing in the most technologically advanced printing equipment available.

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Second editions of the group's margins the provious led to the previous led to the previous led to the previous led to the provious led to the provious led to the provious led to the provious led to the pr

in the second half resulted in year-end pre-tax profits of £1.88m (£1.56m) and earnings of 23p (19p).

Reviewing the latest results, tion facilities were Mr John Haynes, chairman, advanced.

Haynes Publishing Group said that following the price doubled pre-tax profits from rise on its main UK product £732,000 to £1.45m for the six group, and leading on from the months to end-November 1987 introduction of a total of 85

fits were expected to be sus-tained throughout the rest of the year. in the UK, plans for more warehousing and produc-

Border TV up sharply

Border Television, USMlisted television programme
contractor, reported strong
growth with a 60 per cent
increase in pre-tax profits for
the haif-year to October 31
1987. They rose from £252,000
to £404,000 on turnover up
from £5 06m to £5.77m. The 1987. They rose from £252,000 to £404,000 on turnover up from £5.06m to £5.77m. The directors said that programme development had forged ahead, contributing £1.13m to turn-

that an increase of 8.5 per cent in advertising revenue over the first half of 1987 indicated advertisers' commi

Park Food expects rise

For the current year the Park Food Group, supplier of Christ-mas hampers, is forecasting an increase in profit over the \$2.62m achieved in the year ended March 31 1987. Looking beyond that, fuller benefits should come from the costly rationalisation and development work carried out, said Mr Peter Sherlock, the chairman.

chairman.

In the six months ended September 30 1987 the group incurred its traditional loss, but reduced it from £2.26m to £2.09m as turnover moved would fall in the second half. It was still too early to predict the

BTS static in first half

Profits were little changed at the BTS Group, USM-quoted vehicle parts maker, in the six months to end-September 1987. The taxable result edged ahead from \$106,000 to \$107,000 on turnover my 21 per cent from turnover up 21 per cent from \$4.12m to \$4.99m.

After an unchanged tax charge of \$37,000, earnings per share rose 0.02p to 1.36p. The interim dividend is maintained

reduced it from \$2.26m to \$2.09m as turnover moved ahead to \$15.75m (\$9.73m). The interim dividend is 1.7p (1.55p).

Mr Sheriock said rationalisation and development work had produced more efficient businesses and potential for sales.

BOARD MEETINGS

MITSUI FINANCE ASIA LIMITED

(Incorporated in the Cayman Islands)

US\$150,000,000 Guaranteed Floating-Rate Notes 1997

In accordance with the provisions of the Notes, notice is hereby given that for the three month period, 28th January, 1988 to but excluding 28th April, 1988 the Notes will carry an interest Rate of 73/4% per annum. Coupon will be US\$186.42 on the Notes of US\$10,000.

Mitsui Finance Trust International Limited Agent Bank



We didn't become the biggest by thinking small.

Globe Investment Trust has long held the belief that if you take a position, it should be a big one.

Taking a listing, in February, on the Tokyo Stock Exchange is just

As an alpha company, with a large and diverse portfolio, we have built up a base of 38,000 shareholders. They've gained a slice of the

world's top listed and unlisted companies through their investment.

We hope to achieve the same success in Japan. Judging by the high performance of our Quoted Far Eastern Portfolio, it's a market we already know very well.

ATTRIBUTABLE PROFITS FOR THE NINE MONTHS TO 31 DECEMBER 1987 £18 MILLION

NET ASSETS AT 31 DECEMBER 1987

GLOBE. The world's largest investment trust.

GLOBE INVESTMENT TRUST P.L.C., ELECTRA HOUSE, TEMPLE PLACE, LONDON WC2x 3HP. TELEPHONE 01-836 7766

UK COMPANY NEWS

Emess in £30m US lamps deal

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Harry News IN



Date set for health group float By Philip Coggan

AMI Healthcare Group, the UK subsidiary of US private health group American Medical International, is likely to be capitalised at a figure close to £200m when it is floated on the stock market in February.

Full details of the float were not released yesterday but it

Full details of the float were not released yesterday but it was announced that the proceeds of the issue would be used to pay off some \$100m (£56.2m) of debt to the parent company and that some 25-35 per cent of the equity would be on offer. That suggests a capitalisation in the range of £161m to £225m; US analysts have already valued the company at around £200m.

The flotation, which will involve an offer of shares to the public, is likely to be the largest UK new issue since Black Monday, excluding the example of Eurotunnel, which had set its plans in train well before October 19. London Forfaiting, the trade finance group, is expected to raise around £40m via a USM float next month.

In the year to October 31, the UK operation made a profit before interest and tax of £16.8m on turnover of £94.1m. The company was not prepared to relase the pre-tax figure

The company was not prepared to relase the pre-tax figure until the prospectus is pre-

pared.

AMI Heathcare operates thirteen acute and three psychiatric hospitals in the UK.

Ace Belmont International pic

SUMMARY OF RESULTS FOR THE YEAR ENDED 31st AUGUST 1987

Turnover	1987 £000's 50,733	1986 £000's 42,261
Profit before taxation Taxation	2,837 (929)	1,293 (464)
Profit before taxation Extraordinary items	1,908 (124)	829 1,193
Preference dividend	1,784 (209)	2,022 (209)
Profit retained	1,575	1,813

SUMMARY FROM THE REVIEW OF THE CHAIRMAN, MARTIN SHAW, LL.B.

Pre-tax profits more than doubled. Turnover exceeded £50 million for the first time. Earnings per share 80.90p (1986 29.51p). Market share in caravan manufacture increased.

Strong foundations laid for future growth.

COLONIAL HOUSE, SWINEMOOR LANE, BEVERLEY,

London Investment raising £21.5m for expansion

Fitch Lovell gets ready for further development

CONTINUED progress was shown by Fitch Lovell in the half year ended October 25 1987. The food manufacturer and distributor, lifted sales by 21 per cent to \$285.24m and pre-tax profit by 19 per cent, from \$10.41m to \$12.4m.

Actual net earnings were 11.03p (10.11p) and fully taxed 10.1p (9.01p). The interim dividend is raised to 4p (3.8p); as an alternative shares can be taken but 0.1p per share must be in cash.

manufacturing side was fist with profits at \$7.02m (\$2.72m). A major decline in the return cooked meats any experiment of the food manufacturing side was fist with profits at \$7.02m (\$2.72m). A major decline in the return cooked meats any experiment of the food meats and a food cooked meats and the result, which in other respects was satisfactory.

Comment

At first sight, these results seem just a continuation of the recent trend in Fitch Lovell's profits a decline in the return cooked meats and cooked meats and cooked meats and cooked meats and cooked meats are food cooked meats and pre-tax profit by 19 per cent, from \$10.41m to \$12.4m.

Actual net earnings were 11.03p (10.11p) and fully taxed 10.1p (9.01p). The interim dividend is raised to 4p (3.8p); as an alternative shares can be taken but 0.1p per share must business and a move into "healthier" products like white

an alternative shares can be taken but 0.1p per share must be in cash.

The directors said the group was well placed for further expansion and profitable growth and financial arrengements were being made to support plans for development by capital investment and acquisition.

Negotiations were advanced to arrange a \$50m committed multiple option facility for five years. This would be supplemented by a sterling commercial paper programme. and acquisitions chipped in In the half year the distribution division raised profit
before interest to £6.15m
(£3.3m), or by 87 per cent.
Underlying organic growth was
35 per cent and the division
represented half of the group
sales value, while full benefit
of rationalisation and integration would come in 1988-89.

Overall performance of the with around two thirds of th

Disposal boosts J Webb midway

Interim pre-tax profits at younger with Joseph Webb were boosted to another poor summer. Caramainly by a large contribution from the disposal of its Hopton-on-Sea holiday village in Norfolk amounting to £636,000.

The taxable result in the six months to end-September 1987 rose from £178,000 to £752,000 increased to £146,000 on turnover down to £3.05m previously. The show steady growth. The intercontribution from the group's est charge rose to £266,000 contribution from the group's est charge rose to £266,000 other holiday interests fell to £236,000 (£239,000).

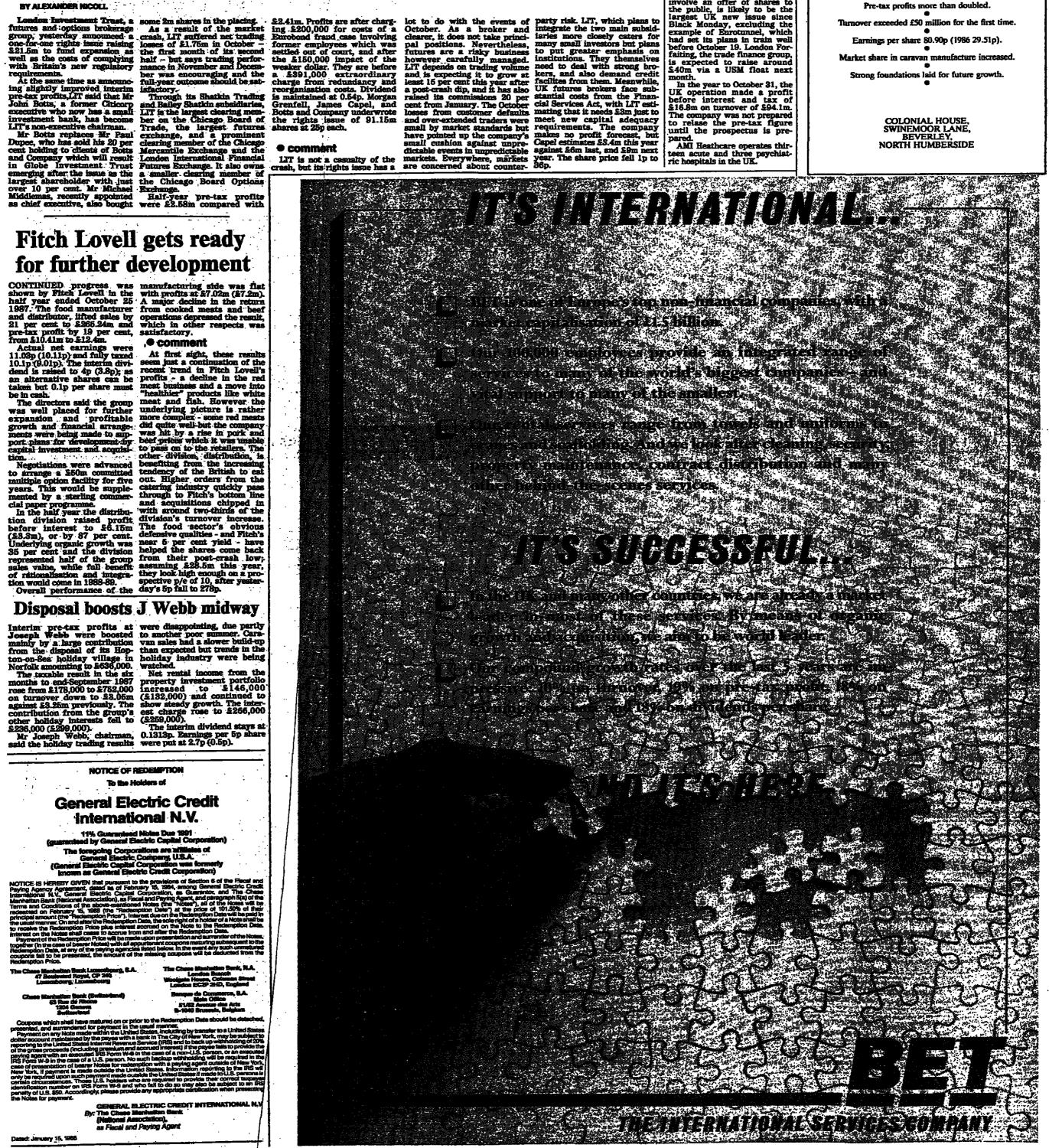
Mr Joseph Webb, chairman, said the holiday trading results were put at 2.7p (0.5p).

show steady growth. The inter-est charge rose to £266,000 (£259,000).

The interim dividend stays at

NOTICE OF REDEMPTION To the Holders of

General Electric Credit International N.V.



UK pig farmers demand fair deal

BY BRIDGET BLOOM, AGRICULTURE CORRESPONDENT

SEVERAL HUNDRED UK DIG farmers yesterday gave vocifer-ous backing to a demand by Mr Simon Gourlay, President of the National Farmers' Union, that the British Government and the European Commission take immediate action to correct the current "disastrous market situation" in the UK big industry. ation in the CR pig incustry.

The farmers, specially mustered in London from the four corners of the country, crowded into a steamy Central Hall, Westminster, instead of the smaller Council chamber of the NEU in Management which

NFU in Knightsbridge which had been their intended meeting place.
Later, in one of the biggest lebbying operations mounted by the NFU in recent years, they trudged across a rainy

Parliament Square to looby their MPs.

The NFU maintains that pig prices are at their lowest levels for five years, with margins having fallen over the last three months to give average lesses of 28 per pig.

Bismuth

sharply

price rises

Dy Kenneth Gooding, Mining

SISMUTH'S free market price

yesterday reached the highest

it claims that the principal subsidies to make it easier for Britain's favour. culprit for this state of affairs is the European Community's complex system of border

"if we were French we'd be dumping our pigmeat in the sea, we're in such a bad way," a becon factory chairman from Cornwall told the farmers' meeting, to huge applause.

Mr Gourlay later led a delegation of farmers and NFU offi-cials to meet Mr John MacGregor, the Minister of Agriculture. They called for urgent action on three fronts: abolition of the MCAs for pigmeat this year, rather than in 1992 as the Commission plans: increased export MCAs for pigmeat this year, rather than in 1992 as the Com-

EC producers to sell in North America: and aid for private storage to enable surplus pig-ment to be taken temporarily

storage to enable surplus pigment taxes, known as monetary compensatory amounts or MCAs.

The system is intended to even out imbalances in intra-Community farm trade, but it is currently making it possible for Dutch and Danish producers to undercut their British counterparts by as much as £70 a tonne on bacon and £50 a tonne on fresh pork.

storage to enable surplus pigment to be taken temporarily off EC markets.

Mr Gourlay noted that within the common agricultural policy, pigment — which accounts for 45 per cent of all meat consumed in the EC — has little protection: there are no open-ended price guarantees and no buying-up of surplus storage to enable surplus pigment to be taken temporarily off EC markets. stores, the principal protection being afforded by tariffs and

export subsidies.

After meeting the delegation
Mr MacGregor said he understood the farmers' deep concern and reaffirmed his commitment to see MCAs abolished. But he said that would not be easy to achieve because of the widely

The most that can probably

be hoped for at the moment, according to officials, is that the Brussels committee on pig-meat, which by coincidence meets today, will agree to pay

for more pigmeat to go in tem-porary private storage.
Yesterday's lobbying in Whitehall and Westminster was thus something of an exercise in collective frustration, with period, but at a substantially several pig farmers blaming the NFU itself for giving them less, in terms of EC subsidies, than terms of EC subsidies, than tance in search for better the cereal or sheep farmers got, while others blamed retailers for currently paying the farmer less and charging the consumer

less and charging more.

Not surprisingly, no one mentioned the possibility that the Dutch and the Danes might have developed a more efficient industry than the British, even done partly have done partly have done partly that it no longer wants any more. through the use of such feeding stuffs as manioc, imported cheaply (amid British criticism) from the third world.

level since May 1935 and has jumped by 85 cents a lb so far this week to 85.35.

This compares with \$2.10 a lb a year ago and the low point of \$1.20 reached in 1982 which caused substantial production Newer applications have increased demand for bismuth, traditionally used by the phar-maceutical and chemical indus-

tries.
The metal is now increasingly used to improve the machineability of steel. And its use in electronic equipment by the Japanese has also grown at such a pace that exports of the metal from Japan – once sub-stantial – have slowed to a

trickle.
Mr Doug Hunter of London-based minor metals trader Wogen Resources said the furdamentals for bismuth had been good for the past eight months but it was only recently that the metal came into favour

with traders.
The change in sentiment was partly caused by the strength in the price of cadmium, one of the free market leaders, which highest level for nearly 14 years, to 3.85 a lo. up 30 cents

from Wednesday. Also influential were news of a strike at Centromin's facilities in Peru and rumours that in the free market as a buyer of

Mr Hunter estimated that about 4,000 tonnes of bismuth was sold last year and that this might increase to about 4,500 tonnes in 1988. Rubber supplies remain short

BY WONG SULONG IN KUALA LUMPUR

THE BUFFER stock manager of Korea, Taiwan and India. the International Natural Rubber Organisation has sold an estimated 120,000 tonnes from his 370,000 tonnes stockpile since last September, and this sales programme has had the effect of stabilising prices to some extent, according to the Malaysian Rubber Exchange's increases in the supply of raw

The review, published yester-day, said in spite of the long Christmas and New Year holi-Christmas and New Year holi-days, the bsm has to intervene are said to have oversold their days, the bash has to intervene are said to positions."

larly after the rubber prices breached the "must sell" level of 142 Malaysian/Singapore chases from the restriction of 5MR 10 and 5MR 20 were particularly heavy in view of the strong demand for tyre-grade rubber.

The review said the market positions."

The market particulars. The review said to positions. The market watching positions. The market particular watching the

The review said the market

"Natural rubber stocks (in December) were almost depleated as production rises were insufficient to meet the demand," it said. "At the materials. But they are mindful that the low production winter-ing period is just around the

The market was closely watching for expected pur-chases from the Soviet Union, the review noted. Given a nealthy, though slow-

er-growing, world economy rub-ber demand would continue to grow this year, it forecast. Production is not expected to continued to face short supply increase very much this year as because of increased consumpthe yield has already been subtion, especially in China, South ject to maximum exploitation in

the past year, with intense tapstimulants in the Southeast

Asian countries.

The review said the price of RSS No 1 rubber, the hedging grade on the exchange, rose to an average of 248.6 cents a kg during 1987, compared with 208.4 cents in 1986. Current rubber prices are the highest since 1984. Meanwhile Dunlop Malaysian

Industries, a subsidiary of plantation-based Sime Darby, has entered into a joint venture with B.F. Goodrich of the US to produce aviation tyres for the Asia-Pacific market, currently the fastest growth area for the aviation industry. DMI has terminated its technical agreement with Dunlop PLC, its former parent, because the agreement allows DMI to sell aviation tyres only within Malaysia. Aviation tyres use 90 per cent natural rubber.

Canadian pulp capacity constrained BY ROBERT GIBBENS IN MONTREAL

CANADIAN Newsprint and market pulp capacity will grow by only about 2 per cent in both 1988 and 1989, or in line with papers, the industry's fastest growing sector.

The latter includes special years to increase capacity. groundwood papers, used and produced from converted newsprint machines in many of eastern Canada's older mills.

Mr Wilson says the mudality has enough warning of a possible North American recession in rated capacity.

Dr Wilson sees US economic 1989-90 to avoid another wave

However, larger amounts of continuing difficulties with the demand increases, according to
Dr David Wilson, senior economist at the Canadian Pulp and
Paper Association. He also
Paper Association. He also
Paper Association also compared an expect solution and the projects, particularly in the The US is the industry's single have dropped out of sight largest customer and its total

(£2.6bn) over the next five years to increase capacity. should rise about 2 per cent to The association estimates almost 10m tonnes metric, pulp total pulp and paper shipments in 1988 will reach 25m tonnes, up 3 per cent from 1987 and a mew peak. The industry will printing and writing papers

Mr Wilson says the industry continue operating full out at segment should gain 9 per cent

as enough warning of a possi
about 98 per cent on average of Shipments of packaging paper

of excess investment such as took place in the 1960s and cent in real terms this year but 1970s.

growth slowing to about 2 per cent in real terms this year but no recession is likely. However strained over the next two since the October stock market shipments are influenced years in printing and writing collapse, the industry is expec-strongly by US economic strongly by US economic ted to invest well over C\$6bn trends. Newsprint shipments in 1988

> ments that can withstand oil prices as low as \$10. exports about the same amount to 8.4m tonnes, with strong overseas demand, and the and boards should rise about 1 per cent to 3.3m tonnes.

Kuwait and Japan close to oil deal

By Richard Johns

KUWAIT IS understood to be close to agreement with Japan on crude oil contracts for the three-month February-April

The volume involved in prospective shipments is expected to be 130,000 barrels a day,

Kuwait has been offering Japanese customers its crude oil, which is officially priced at \$16.67, at a market-related rate 516.67, at a market-related rate based on the average between the Dubai and Oman spot rates, less 50 cents for cargoes lifted from the state's Al Ahmadi terminal, or 30 cents if transhipped at Khor Fakkan on the Arabian Sea coast of the United Arab Emirates Arab Emirates.

Effectively the terms offered involve a "discounts" in the range of of \$1.50-1.80.

Saudi Arabia, meanwhile, is still refusing to give preferen-tial pricing terms to Japanese buyers of the kind accorded to Exxon, Chevron, Texaco and Mobil, as well as to Ashland and Marathon for single cargoes lifted from storage in the Carribean. Mitsubishi and Kyodo Oil are likely to cut their orders by 40 to 50 per cent, according to the latest edition of the Middle East Economic

Row looms over Norwegian development

By Karen Fossii in Oslo

A POLITICAL row is expected to erupt over the Norwegian Oil Minister's decision yesterday to approve Saga Petroleum's NKr30bn North Sea Snorre oil field development.

Mr Arne Oien has secured the

future of Norway's fledging on company – but he has come under heavy fire from critics for putting Saga at the head of a queue of more profitable fields awaiting development.

Tields awaiting development. The postponement of other field development applications is a further blow to oil compa-nies which say that they have some oil and gas field develop-

Developments which have been postponed include the NKr9bn Draugen oil field, to be developed by Norske Shell, the NKr8bn Brage oil field, to be developed by Norsk Hydro, and the NKr20bn Heidrun field.

New York exchange plans to launch diamond futures

BY DEBORAH HARGREAVES IN CHICAGO

NEW YORK'S Commodity Exchange (Comex) is planning the launch of a diamond futures contract in spite of opposition from the diamond trade. The exchange, which has not yet filed for regulatory approval for the contract, says diamond futures could be up and running within a year.
In a bid to gauge the reac-

tions of the trade, Comex sent out some 350 prospectuses to diamond dealers last week. However, the clusive diamond trade, wary of losing its control over pricing objects strongly to over pricing, objects strongly to broke the use of diamonds as an investment commodity.

Although the contract is weekl structured to allow for some prices waristing between the stones.

tract specifies delivery of 10 round, brilliant-cut stones of certain colour and clarity and at least 1.01 carat. It allows for a variation of up to 1.2 carat, stressing that diamonds will be re-checked at the point of delivery, either by a member of the industry association or a Comex convinced it will be a success. The contract is being developed in conjunction with Mr. Martin Reaponert a diamond tried to solicit the trade's reaction.

mond trade by publishing a weekly newsletter of diamond

diamond dealers stress that no two diamonds are the same and traded like other precious com-

cannot be lumped into one purchase in this way.

The proposed futures contract specifies delivery of 10 prices too volatile by encourage.

tion before filing the contract with the Commodity Futures

Trading Commission.

A previous proposal to trade diamond futures in conjunction with an Antwerp dealer was considered in London several years ago. But it never got off the ground.

Report warns investors of pitfalls BY KENNETH GOODING, MINING CORRESPONDENT

SOME OF the pitfuls of invest- treated with caution. Mark-ups increases of about 10 per cent, ment in diamonds are outlined in a new Economist Publica-

the problems is that "finding reliable merchants and jewellers willing to conduct invest-ment sales is not always easy". The report says most of the

trade is against the concept of investment so resale is often difficult because, in practice, each diamond is unique and so is its price.

are often high and the spread between buying and reselling is frequently wide", it says.

are expected this year with a period of consolidation before further advances.

Dealing with wide issues, the report suggests that, following rises of over 30 per cent in the price of polished diamonds in 1986 and nearly 20 per cent last year, prices will continue their upward trend into the

At the lower end of the market the study forecasts a 30 per *Buy-back guarantees are cent rise (in current dollars) by marketing ploys and should be 1995. For better stones

further advances.

Production will grow by only 5 per cent over the next two years, the report suggests, and will remain fairly static until the 1990s when Venitia in Northern Transvaal and Ellendale in Australia should come

into production.

Diamonds 1988; \$50 Europe; \$95 North America; \$53 rest of world, from Economist Publica-tions, 40 Duke Street, London WIA IDW.

Manila to launch copra and coffee contracts

SY RICHARD GOURLAY IN MANILA

THE MANILA International Futures Exchange is due to launch copra and coffee con-tracts on February 1, doubling the number of commodities traded on the 16-month-old market.

It has postponed the launch of a planned coconit oil con-tract so that it can see how the copra contract develops first. Market officials believe there are not enough independent traders of coconut oil in the Philippines and that the market

Mr Uisdein McInnes, the market chairman, said the sugar and soyabean contracts had been introduced first to fami-liarise traders with futures markets, but he thought the copra contract would be much more relevant to the Philip-

There are hundreds of copra traders in the Philippines, where 18m people – or searly a third of the population – are

involved directly or indirectly in the coconut industry. More than 10 traders actively export copra, whereas the number of refiners is limited and there are only two major coconut oil

Some local critics of the futures exchange have accused its 17 members of manipulating the market by co-ordinating their trading. Although Mr McInnes denied this, he said the decision to postpone the coco-nut oil contract was in part to prevent such criticisms arising

Copra, on the other hand is likely to create strong speculative and hedging interest.

The first trading date for cof-fee and copra will be for June delivery and the contracts sizes will be five tonnes and 20 tonnes respectively. At the start of the spot month, buyers and sellers will place a 50 per cent margin with the exchange clearing house, which rises to 100 per cent as the spot date

approaches.

Shell Nigeria in potential

80m barrel find THE SHELL Petroleum Development Company of Nigeria, the biggest operator in the country, says it has found oil in two exploratory wells with combined estimated recoverable reserves of more than 80m bar-

reis, reports Reuter.
The Royal Dutch/Shell Group has a 20 per cent share in the

company. Nigerian National Petroleum Corp (NNPC) holds the remaining 80 per cent Shell says it struck oil in its oil mining lease area in the River Niger delta. The well penetrated 420 ft of oil sands and 21 ft of one struck of the same struck of the same shell says the same shell says the same same says the 31 ft of gas sands in different reservoirs.

Preliminary estimates indi-Traders expect interest in the barrels. The company says future finds in the area and further drilling to appraise the extent of the discovery is now planned.

The second find, of some 221 ft of oil sand and 43 ft of gas sand, also in the Delta area is estimated to have reserves of more than 30m barrels of oil, Shell said.

Shell says since it signed the understanding with the NNPC in 1986 it has intensified seismic and exploration activities.

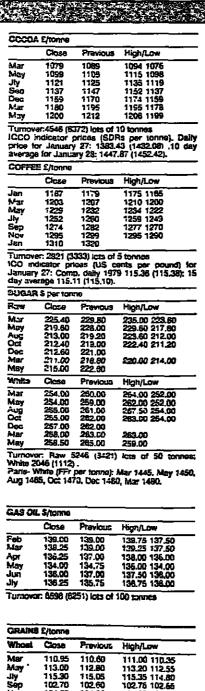
london markets

CCCCA PRICES continued to lose ground yesterday. The International Cocoa Organisation (ICCO) re-entered the market, buying 3,000 tonnes for the buffer stock - but the move had no effect on prices, said dealers. Bearish sentiment and falling prices in New York kept the market under pressure, and the threa-month position fell below the £1,100 a tenne level to close at £1,099. Coffee prices retreated in quiet trading. with a lack of physical demand for robustas giving a bearish tone. Traders will be watching for the outcome of meeting, which will be considering a further cut in export quotas. Copper prices also continued their retreat on the

LME, with cash metal	closing do	wii wii	Nov	1295	
£26.50 at £1,286 a tor	nne. This c	zeragmo	Jen	1310	_
with £1,419 at the clos	sa on Mond	lay.	1CO mo	c 2921 (3 licator pr	33
Trading was patchy ye	esterday ar	ід палу	January	27: Com	Đ.
operators were still ex falls, although sentime	specung tu	riner d mildh	<u> </u>	rage 115.	
SPOT MARKETS	311L 1 0111 (21) R	no military		S per ton	70
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Outes on that paties LCR!		+ Cr -	Mar	225.40	- 3
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W.T.I.(1 ⊃m est)	\$16.80-6.95		Oct	212.40	- 3
Oil products (NWE prompt			Dec <i>Mar</i>	212.60	- 3
		+01-	May	211.00 215.00	- 2
Premium Gasoline	3159-161		White	Clese	-
Gas Dii (Sev.er) Haavy Fuel Oil	5137-139		Mar	254.00	-
Nachtha	\$71-7 <u>2</u> \$151-133	0.5 1	May	254.00	- 2
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Silver (per troy oz)&	684c	+1.23	May	258.50	2
Platanum (per troy oz)	\$476.25	-4.75	Turnovo	r: Flaw !	24
Palladium (cer troy oz)	\$119.00	-4.55	White 2	46 (1112	١.
Aluminum (tree merket)	\$1940	-20	Aug 146	inne (FFr 5, Oct 14	P
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Tin (Kuala Lumpur market)	17.17+	-0.09	-		
Tin (New York) Zinc (Euro, Proc. Price)	316.50c \$890	-0.50		Close	,
Zinc (US Prime Western)	44.75c		Feb	139.00	- 1
Cattle (live weight)	104.43o	-0.70°	Mar Apr	13 <u>8.25</u> 136.25	3
Sheap (dead weight);	152.81p	+11.17*	May	134.C0	i
Pigs (live weigh!)†	65.475	+1,24*	Jun	135.00	1
London daily suger (72W)	\$251.20w	+0.80	Jly	138.25	1
London daily sugar (white)	\$258.00W	-1.00	Turnova	r: 8598 (6	25
Tate and Lyle export price	£255.00				
Bertey (English feed)	£111.00y				
Maize (US No. 3 yesow) Wheat (US Dark Northern)	£138.00v £95.50u	-2.25	GRAINS	£/tonne	
			Wheat	Close	1
Rubber (spct) 7 Rubber (Mar) 7	63.25p 67.75p	-0.25 -0.25	Mer	110.95	_
Rubber (April ♥	67.756	-0.25	Мау	113.00	1
Rubber (KL ASS No 1 Feb)		+0.50	'JJA	115.30	1
Coconut of (Philippines)§	\$560.00w		Sep	102.70	1
Pakri OH (MBIBYSIBT) 9	\$455.00		Nov Jan	104.60 107.10	1
Copra (Philippines)s	\$375.00	-15	4611	101.10	
Soyabsans (US)	£154.00	-1.50			_
Conon "A" index Woostops (545 Super)	59.60c 519b	-0.10	Berley	Close	F
AACHODS IONS SOTION	9.3p	/	Mar	107,75	1

£ a tonne unless otherwise stated, p-per

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z-Mar, y-Feb. u-Apr/May, x-Mar/Apr, 1 Meet
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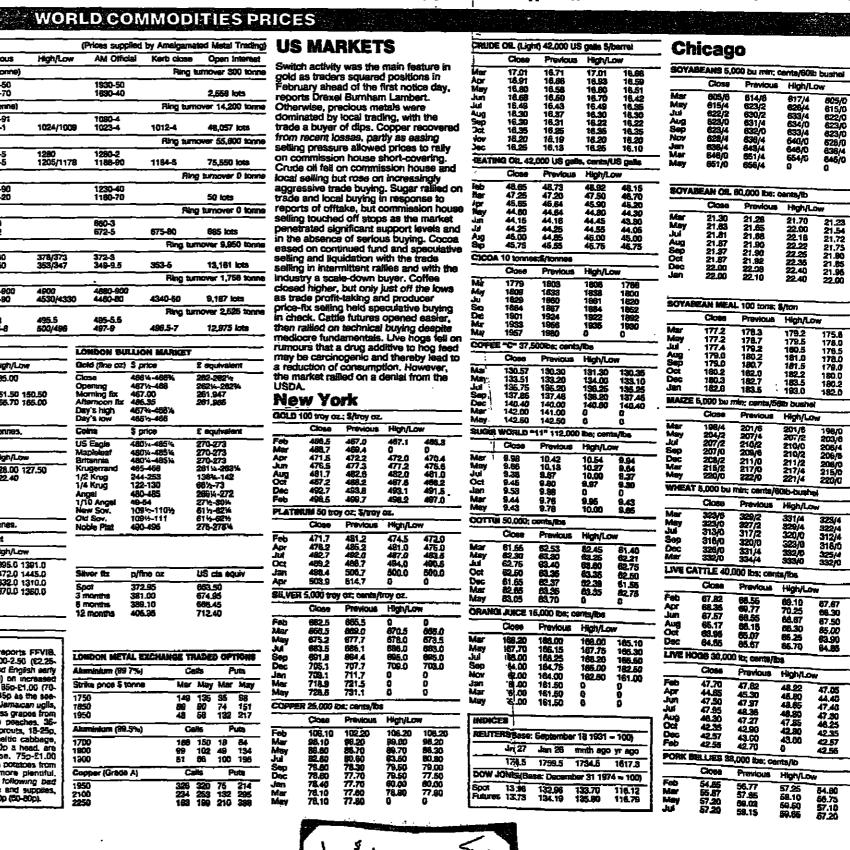


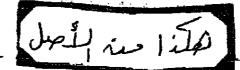
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	137.00	138.00 136.00	Jan	12	91.0	1391.0	_	13
	134.75	136.00 134.00	Apr	14	71.0	1440.0		14
	137.00 135.75	137.50 136,00 136,75 138,00	Jly		32.0 369.5	1299.0 1345.0		13 13
12	51) lots of 1		<i>Oct</i> BFI		87.5	1390.0		,,,,
_		ING ENERGY						
			Tumov	er: 3	83 (54)	3)		
_			=		$\dot{=}$		=	
-	Barriera	Mark H	FRUI	T AX	D AS	QETABL	58	
_	Previous	High/Low	Carre	uni s Sue	ntrem Brank	ain piani rapes ar	arun,	ת חיי
	110.60	111.00 110.35				15 β (75-9		
	112.80 115.05	113.20 112.55 115.35 114.80	lorce	i she	paro .	45-60p (0-6	p)
	102.60	102.75 102.65	85314 8531	Dility	. Cape	apricot satsuma	8 BA	
	104.50	104.60 104.60	3 noc	nds.	N ow в	urivals in	clud	þ
	107.00		45-60	p aar	ch. The	mosqm:	teed	03
), and C p). Brus:		
_	Previous	High/Low	[(1B-3:	2p).	Janua	ry king	and	Œ
	107.40	107,75 107,60	20-30	p. ar	A) CEN	Hillowers.	40-	60
	108.20 97.45	87.45	(75p-1	عπد 1,20	. 117931 (), asht!	umanicios puraq ca	uact D (2)	63 (2
	100.10	100.10 100.05	[Egyp:	:, 22	-26p ((25-30p)	219	П
	102.25	<u> </u>	Tone	to c	บลหญ	is vary tide and	<i>p</i> 00	7
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LONDON METAL EXCHANGE	(Prices supplied by Amelgameted Metal Trading)
Close Previous High/L	ow AM Official Kerb close Open Interset
Aluminium, 99.7% purity (\$ per tonne)	Dina tempera 900 tours
Cash 1910-20 1940-50	1930-50
3 months 1820-30 1860-70	1630-40 2,659 lots
Aluminium,99.5% purity (E per tonne)	Ring turnover 14,200 torme
Cash 1071-3 1089-91 3 months 1016-7 1040-1 1024/1	1090-4 1009 1023-4 1012-4 48,057 joss
Copper, Grade A (£ per tonne)	Ring turnover 55,800 tonne
Cash 1285-7 1310-5 1280	1000.0
3 months 1186-7 1214-5 1205/1	
Copper, Standard (£ per tonne)	Aing turnover 0 tonne
Cash 1250-60 1290-90 3 months 1155-66 1210-20	1230-40 1180-70 50 lots
Silver (US cents/fine ounce)	Ring turnover 0 torans
Cash 661-4 557-9	RRA3
3 months 672-5 670-2	672-5 675-80 685 lots
Lead (£ per torne)	Ring turnover 9,950 torine
Cest 361-2 378-80 378/37 3 months 350-1 348-50 353/34	
Nickel (E per tonne)	. Pling turnover 1,758 tonne
Cash 4750-50 4880-900 4900	4880-900
3 months 4400-5 4485-90 4530/4	1330 4460-80 4340-50 9,187 lots Find turnover 2,525 tonne
Zinc (£ per tonne) Cash 495-6 492-3 495.5	485-5.5
3 months 498.5-9 495.5-8 500/45	96 497-9 496.5-7 12,975 lots
POTATOES E/tonne	LONDON BURLLON MARKET
Close Previous High/Low	
Feb 95.00 96.00 95.00	Close 466'4-466'4 262-262'4
Mar 85.50 84.50	Opening 4671/2-468 2621/4-2623/4
Apr 150.50 152.20 151.50 150.50	Morning fix 467.00 261,947 Afternoon fix 486,35 281,985
May 185.00 188.40 165.70 165.00 Nov 94.50 95.50	Cleur's bush 48734, 48814.
Feb 107.00 105.50	Day's low 4851/2-466
Turnover: 206 (314) lots of 100 tonnes.	Coins \$ price £ equivalent
SOYABEAN MEAL E/tonne	- Mapheleat 480%-485% 270-273
Close Previous High/Low	_ Britannia 480'4-485% 270-273 *
Apr 128.50 128.40 128.00 127.50 Jun 122.40 122.50 122.40	1/2 Korn 244-258 1383-149
Jún 122-40 122-50 122-40 Aug 121-00 121-50	1/4 Krug 122-130 66½-73
Oct 122.00 122.50	Angel 480-485 29614-272
Dec 125.00 126.00 Feb 127.00 128.50	New Sov. 109%-110% 61%-62%
Turnover: 140 (76) iots of 100 tonnes.	- Old Sov. 1094-111 614-624 Noble Plat 480-496 275-2784
FREIGHT FUTURES L/Index point	NOON PRE 490-490 275-2784
Close Previous High/Low	-
Jan 1391.0 1391.0 1395.0 1391.0	~ (
ACK 1471.0 1440.0 1472.0 1445.0	Silver fiz p/fire az US cia equiy
Oct 1368.5 1345.0 1370.0 1360.0	5pc 3/230 90330 -
BFI 1387-5 1390.0	3 months 381.00 674.95 \$ 5 months 389.10 686.45 **
7	_ 12 months 406.95 712.40
Turnover: 383 (548)	- x
FRUIT AND VIGETABLES]
Citrus fruit remain plantiful, reports FFVIB.	LONDON METAL EXCHANGE TRADED OFTICHS
Cape suitena grapes are \$2.00-2-50 (\$2.25-2.50), plums 70-85p (75-90p) and English party	Abaminham (99 7%) Code Prote
forced shubaro 45-60¢ (50-65p) on increased	
availability. Cabe apricots are 85p-£1,00 (70- 85p) and Spania satsumas 30-45p as the sea-	Constitution and the stay
son ends. New arrivals include Jamacan uglis,	1750 149 135 35 98 = 17850 86 80 74 151 C
45-60p each. Thompson seedless grapes from Chile, £1.90-2.20, and Chilean peaches, 35-	1950 48 58 132 217
45p each (35-40p). Brussels sprouts, 18-25p.	Aluminium (89.5%) Cells Puts F
(18-32p), January king and celtic cabbage, 20-30p, and cautiflowers, 40-60p a head, are	1700 188 150 18 84 M
- abundant imported calabrese, 755-51.00	1800 99 102 49 134 h
(75p-£1.20), and new crop cara potatoes from Egypt, 22-26p (25-30p) are more plentiful.	Copper (Grade A) Calls Puts
Tomate quality is very poer following bad	1950 326 320 75 214 J
waather in Tenerile and Spain and supplies, which are very short, cost 70-90p (50-80p).	2100 234 253 132 295 M
	j 2250 169 199 210 388 h





CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

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Dollar & pound weaker rate index fell 0.1 to 74.4, compared with 72.6 six months ago. Sterling dipped briefly on publication of the UK trade figures for December. The underlying tone remained nervous, but the pound finished the day little changed, rising 30 points to 31.7825-1.7835, but falling to DM2.97 from DM2.9750; to SFr2.4175 from SFr2.4225; and to 7226.75 from F27.00. A lower trend in London money market rates contributed

THE DOLLAR lost ground on speculation the Federal Reserve will encourage lower US inter-est rates, following the latest GNP data, published Wednes-

day.

Expectations that US growth will slow sharply this quarter, led to fears the situation could

resteroay's announcement has not increased fears about a possible recession.

In dull trading the dollar fell to DM1.6660 from DM1.6710; to FFr5.6325; to SFr1.3560 from SFr1.3610; and to Y127.15 from Y127.50. O 1127.15 from 1127.50.
On Bank of England figures the dollar's index fell to 94.0 from 94.2.
STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. December

average 1.8269. Exchange

2 IN NEW YORK

Prestant Jun.28 Latest 1.7800-1.7810 0.25-0.23pm 0.78-0.74pm 2.95-2.85pm

STERLING INDEX

Jan 20 Previous

CURRENCY RATES

Bank rate % Special Oraning Hights 0.770021 1.36746 1.7486 14.0973 47.9113 8.78264 2.28702 N/A 174.154 1.55.261 8.21172 1.84304 1.55.261 8.21172 A.96050 1523,73 157,326 7,87008 140,015 7,43105 1,6038 166,029

CURRENCY MOVEMENTS

74.4 94.0 78.8 141.0 108.9 198.9 149.8 150.3 178.5 47.1 241.5

OTHER CURRENCIES

MONEY MARKETS

UK rates indicate cautious optimism

INTEREST RATES were a little lower yesterday. Dealers were becoming more accustomed to the idea of base rates staying at 8% p.c. for the time being and consequently period rates looked a little on the high side. However, longer term rates still included a degree of cantion, although this was slowly being eroded.

One dealer described the

One dealer described the UK clearing bank base lending rate 8% per cent from December 4

mood of the market as being almost bullish. UK trade figures were ignored. Although at the higher end of expectations, and consequently a little disap-pointing, the figure was insuffi-cient to create any fresh direc-

Three-month interbank money was quoted at 8%-8% p.c. down from 8%-8% p.c. while the one year rate slipped to 9%-9%-p.c. from 9%-9% p.c. Overnight money started at around 9% p.c. and slipped at one point to 7 p.c. before finishing nearer 8 p.c.

ing nearer 8 p.c.
The Bank of England forecast
a shortage of around £200m
with factors affecting the mar-

The forecast was revised to a shortage of around £350m but there was no assistance in the morning. A further revision took the forecast to a shortage of £300m and the Bank gave assistance in the afternoom of £213m through outright purchases of £3m of Treasury bills and £210m of eligible bank bills all in band 1 at 8% p.c. Late assistance came to £100m, making a total of £313m.

In Frankfurt short term money rates were virtually

and with the second section of the second section of the second section is the second section of the second second section is a second section of the second section s

FINANCIAL FUTURES

GILT FUTURES were in strong demand yesterday. Liffe long gilts recorded a healthly 46,000 lots traded, as investors shrugged off slightly disappointing UK trade figures.

Mr Chris Tinker, economist at Phillips and Draw, was not surprised at the size of the deficit, having forecast a current account figure of \$600m. He said the pound may suffer pressure later this year if the Chancellor is not cautious in the Budget. Phillips and Drew expects a current account defi-

will slow sharply this quarter, led to fears the situation could develop into a recession, creation for procession, creating a mood of nervousness.

As the foreign exchanges focused on the negative aspects of the GNP figures more attention than usual was given to US personal income and consumption figures for December, to see whether there were further signs of decline in demand.

Income rose 0.7 p.c. and consumption 0.5 p.c. The expenditure figure was unchanged from November.

Mr Stephen Hamah, economist at Morgan Grenfell, said the figure was unchanged from November.

Mr Rupert Thompson, US economist at Morgan Grenfell, said the figure was in line with expectations, following the GNP news. He pointed out a strong downward revision in October, and suggested the general picture was not too bad.

Yesterday's announcement has not increased fears about a possible recession.

In the pound finished the day little changed, rising 30 points to \$1.7825. 1.7835, but falling to \$1.24755, tot 121.95. The STP10.0169 from FFP10.0250; to FFP10.0150 from FFP10.0250; to FFP10.0150 from FFP10.0250; to FFP10.0

imports did not fall back as expected. Mr Chris Tinker, economist at

EMS EUROPEAN CURRENCY UNIT RATES

	Éco contral votes	Correcty amounts appliest Eco Jan-28	% change from central sale	% change affested for divergence	Divergence liqui %
Haise Franc polish Krone proper D-Marrir each Franc state Golder lab Post	42.4582	43.1518	+1.63	+0.94	21.5344
	7.85212	7.91275	+0.77	+0.08	21.5494
	2.55853	2.8480	+0.29	-0.40	21.9481
	6.90408	6.96050	+0.62	+0.13	21.3674
	2.31943	2.31897	-0.62	-0.71	21.5012
	8.768411	0.774657	+1.07	+0.36	21.6684
	1.483.58	1523.73	+2.71	+2.47	24.0752

Changes are for Eas, therefore positive change denotes a weak of Administratic coloniated by Financial Tieses.

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

0.77-0.72 pz 0.34-0.24 pm 0.32-0.55 dp 1.33-1.30 pm 9.00-4.00 pm 9.00-4.00 pm 2.95-3.55 de 1.55-1.50 pm 1.65-1.50 pm 1.65-1.50 de 1.60-1.70 pm 1.75-1.70 pm 1.75-1.70 pm 1.75-1.70 pm 1.75-1.70 pm 1.75-1.70 pm 1.51 0.68 -1.79 2.69 2.69 2.69 -3.61 -3.61 -4.69 -3.61 -4.69 -2.50 2.69 2.50 2.50 2.53

POUND SPOT- FORWARD AGAINST THE POUND

0.77-1/2pm 0.77-1/2pm 0.73-0.16pm 0.73-0.15pm 0.73-0.15pm 1.73-0.15pm 26-35pm 26-35pm 26-35pm 15-15pm 15-15pm 11-2pm 11-2pm 23-25ppm 49-35pm

EURO-CURRENCY INTEREST RATES

9.77.8 4.78.4 5.11.6 6.4 6.77. 明 一部 インス 大田 江 からい サインス 大田 江 からい からい カンス 大田 江 からい ラブ のないないできません

EXCHANGE CROSS RATES 2 S DM Yes F.Fr. S.fr. H.Fl. Lina C.S S.fr. 1 1783 2970 2268 1802 2418 1338 2194 2275 5215 0.561 1 1666 1272 5420 1356 1872 1251 1276 3486 10. '2413 4144 :1 3.931 Z190 2.270 62.63 1.380 907.4 0.941 25.70 1779 2944 2243 0.737 1.228 93.80 122 3.002 0.724 4.567 1.102 0.682 1.037

8,440 0.784 1305 99.69 1609 2.869 4.779 364.9 4.404 1.063 1.467 944.4 16.12 3.891 5.371 9530

FT LONDON INTERBANK FIXING

é mentis US Dellan MONEY RATES

NEW YORK One month.
Two mash.
8.75 Three mash.
6.0 Six month.
6.1 One year.
62 Two year. <u>28</u>مط 125-140 12-14 12-1 325-340 74-73 330-345 8-80-11 13-11 3-90-25 180-21 53-44 155.53 145.53

	morning. A further revision	LONDON MON	IEY RAT	ES				i
•	took the forecast to a shortage of £300m and the Bank gave	. Jan 25	Overnight	7 days notice	Owe Month	Three Months	Six Months	Cont Year
gsed ks.i tt.	assistance in the afternoom of \$213m through outright purchases of \$2m of Treasury bills and £210m of eligible bank bills all in band 1 at 3% p.c. Late assistance came to £100m, making a total of \$313m. In Frankfurt short term money rates were virtually unchanged Commercial banks were expected to meet end of month minimum reserve requirements with the Bundesbank without producing any strain on liquidity. Call money remained at 3.00-3.10 p.c. as further funds came	Interbank Offer Interbank Sid Serving Chi. Local Authority Bonth Local Authority Bonth Local Authority Bonth Discount Mix Beja. Company Departs Treasony Bills (Boy) Fine Trade (Boy) Fine Trade Sids (Boy) Fine Trade Sids (Boy) Fine Trade Dep Sids SDR Linted Dop Sids ECH Linted Dop Sids Fine Treasony Bills (Lost) per cest; three months & Rate Sterling Espent Fine Ferbrany 25, 1998, 8ed 1,1988 to Janeary 27, 1 Chibers yeare days fine fine Ferbrany 25, 1998, 9ed 1,1988 to Janeary 27, 1 Chibers yeare days fine fine Chibers yeare days fine fine Chibers yeare days fine fine Chibers yeare days fined.	One-counth S per cent; Ti seco, Maio se seco : 10.11	St. Signature St. St. Signature St.	S. S	S7n 34, 35, 35, 35, 37, 37, 38, 39, 40, 40, 40, 40, 40, 40, 40, 40, 40, 40	9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	ECED Fluid ry 26 1988 to period January n days notice.
t 2	into the market, following the unwinding of earlier three-day Treasury note purchases.	at green days notice 3.00 held under one much 7.5 months 8.75 per cent; ni Deposits withdraws for ca)-3.50 per ce 6 per cent; ec re-turrive sto	n. Çertificate le-Circle motel atis. 8.75 per	i of Tax Depos 5 8.25 per des	dt (Senes 6); t: three-six m	Deposit £100 autis 8.50 per	,000 and over l

Gilts and bonds in demand at 120-15 up to 120-21. However, further impetus past this level and up to a high of 121-10 left the contract a little over extended and the brief period spent at the day's high was probably a reflection of some hasty short covering. While the mood remained bullish, the price came back to finish at 120-21, up from 119-24 on Wednesday. US bonds were also strong, mainly after Wednesday's less than encouraging US GNP figures. Analysts argued that the strong build up of inventories indicated a sharp down turn in final demand and many dealers reported a whiff of recession

US commission houses were

US commission houses were particularly keen buyers, purchasing long gilt futures soon after the opening. One dealer suggested that institutions had sold US bonds to retail clients, and with the Liffe bond market lacking the liquidity, made up portfolios with long gilts instead.

From an opening price of 120-11, the March contract soon broke through resistance

Estimated volume total, Calls 320 Pets 77 Previous day's open let: Calls 1268 Pets 1210 Pas-sett Mar 0.15 1.80 4.32 8.05 12.57 17.43 Strike Price Fab May Apr Jon 1400 - 23.90 - 23.80 - 23.80 - 23.80 - 23.80 - 16.65 - 17.5 - 17.5 - 4.55 - 5.50 - 6.10 1.80 - 120 - 220 - 1.05 -

CHICAGO

Pats May 0.65 1.05 1.80 2.75 4.20 5.90 7.90 9,10 7,40 5,90 4,50 3,55 2,76 2,05

LONDON

Chape Righ Low Press, 96.14 96.24 96.08 95.24

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CURRENCY FUTURES

Latest West Law Pres. 1.7755 1.7780 1.7740 1.7770 1.7675 1.7690 1.7635 1.7630 1.7630 — 1.7630 1.7632 1.7550 — 1.7550 1.7590

4.50 7.50

MANCHESTER A CENTRE FOR FINANCIAL SERVICES

The Financial Times proposes to publish this survey on

WEDNESDAY 20th APRIL 1988 For a full editorial synopsis and details of available advertisments positions, please

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER The size, contents and publication dates of Financial Times Surveys are subject to change at the discretion of the Editor

THE FINANCIAL TIMES PROPOSES TO PUBLISH THE FOLLOWING PROPERTY **SURVEYS IN 1988.**

29th January 26th February property 11th March England 8th April 20th May

tel: 01 248 8000

24th June

Short sterling prices moved ahead as cash rates retreated. Thoughts of a half point increase in base rates continued to recede and despite an underlying note of caution, the strength of longer term rates seemed less and less justified. With git prices showing every sign of improving further and sterling under no immediate pressure, so the March price for three-month sterling moved up

three-month sterling moved up to a high of 91.16 from an opening of 91.08, before closing at 91.14 compared with 91.01 on Wednesday.

LIFFE FT-SE 196 MODEX PSTURES OPTIONS
Sortion Cadin-actionness:
Prior Fab Mar Feb Mar

Feb Mar - 0.25 0.45 1.00 1.35 2.35 3.35 4.60 7.75 8.50 12.50

0.7906 0.7880 0.7882 0.7963 0.7999 0.7963 0.7963 0.7999 0.7950 0.8005 0.8005 0.8005 0.8049

Pres. 42-34 Mar 91-24 Jan 90-25 Sep 99-92 Des 89-92 Mar 88-18 Jan 86-94 Mar 85-18 Jan 85-18 Jan 98-94 Jan

94.30 94.00 93.87 93.62 93.16

Pres. 94.25 94.01 93.76 93.48 93.26 93.06

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FT 30 FTSE 100 WALL STREET

Jan. 1422/1432 +22 Jan. 1774/1784 +27 Feb. 1914/1930 +12

Feb. 1419/1431 +21 Feb. 1771/1783 +26 Mar. 1919/1935 +13

SWORLD VALUE OF THE DOLLAR BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT.LONDON

-The table below gives the latest available rate of exchange for the U.S. dollar against various currencies as of Wednesday, January 27 1988. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America MT & SA nor the Financial Times assume responsibility for errors.

Bank of America Global Trading, London, New York, Tokyo, San Francisco, Los Angeles, Toronto. 24-hours a day trading capability. Enquiries: 01-634 4360/5. Dealing: 01-236 9861.

CURRENCY

ECU=\$US1.236491 SDR1=\$US1.36901 As of January 27, at 11.00 a.m.

6 months Eurodollar Libor: Sibor:

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St. Viccent
St. Viccent
Samoar(Am)
Samoar(Am)
San Marine
Sao Torne & Princip DR
Saud Arabia Seregal Seychelles ... Sierra Leone Siegapore ... 200.00 15.777 1.3964 0.94 723.90 0.2749 281. 49 112.788 111.28 77.4214 0.835 281.49 281.49 281.49 281.49 281.49 281.49 0.7333 0.7333 0.7333 5.15 (a) South Africa ... Rand Hew Kip Lebanese £ Mateti Liberian \$ Libyan Dicar Surts France 350.00 447.00 1.9845 1.00 0.2904 1.3574 34.883 Pataca Franc Portuguese En Krantus Ringgit Ruffyan C.F.A. Franc Matters E. Local Franc Ougelya Marritan Rapos 103.725 1227.75

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38 **EUROPEAN OPTIONS EXCHANGE** Vel List 26 26 B 13 16 90 23 9 6 6 3.30 5 10 30 19.50 1 72 Meb 88 19 12 6 13 7 7 58 126 130 130 236 -11 08 7636 1936 1937 1967 754 1967 754 1968 1961 364 American Co. American Co. Salary, Eq. (ac. 12) ##1 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17.6 | 17. 162 kmi 166 4mi 965 1860 751 67.4 164.4 42.9 7.90 4 01-83 1657 -0.7 280 -0.4 280 -0.7 165 -0.7 185 -0.1 281 -0.1 281 0900 2824.71 -6.1 2.76 +6.3 3.91 +9.1 0.23 -0.1 0.76 -0.1 0.89 -0.4 1.39 +0.5 0.81 +0.1 0.24 8.50 127.1 145.2 142.5 64.44 127.5 64.7 184.7 184.7 -01 234 -03 106 -04 150 -04 150 -01 540 -01 540 -01 083 -01 083 -02 136 204.1 224.7 141.8 42.4 70.7 90.4 52.0 38.2 वर्ष्यक्ष्यक्ष्यक्ष्यं च व्यक्त Cent. 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Red Dist. 10.4 111.4 11 **BASE LENDING RATES** 8000 373393 -8.2 | 1.10 -8.2 | 1.10 -8.1 | 1.71 -8.3 | 4.74 -8.3 | 4.74 -8.3 | 2.75 -8.3 | 2.77 -8.2 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 | 6.55 -9.3 189 220 197 575 215 614 345 214 452 298 369 Cisinant MA City Merchanis Bank City Merchanis Bank Corona Bit, Il East Consofficiated Cred Co-operative Bank Corpus Popular Bank PLC Doublar Bank PLC Bouldar Lawrie Equationia Bank plC Exister Trust Ltd Francisia & Geo. 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FT CROSSWORD No.6,542 SET BY CINEPHILE -0.4 200 -12 222 +18 019 +93 031 +102 010 1143 1144 1114 2015 242 201311 +45 250 +407 250 +105 444 +05 112 +111 067 +111 067 +05 672 +04 778 +04 778 w UT light -05 0.00 +1.6 0.00 +0.1 1.5 +0.1 0.00 -0.5 0.00 -1.0 0.11 -0.5 0.00 5 Part of fight in ring that isn't? (5) 6 Seat about half a dozen after old city comes in range (7) 7 Depression signifies attempt at drilling etc. (9) 10 Long flat expanse with more than one volume (9) **ACROSS** 1 Half way to clear screen (6) 4 Mr Sloan's entertaining epi-110.8 114.6 17.7 17.8 17.2 23.7.5 14.4 199.7 170.0 120.4 120.4 120.4 120.4 120.4 120.4 120.4 120.4 0203 553233 +0.8 130 +0.6 135 +1.5 436 +1.5 436 +1.1 7.8 +0.2 0.22 +2.8 1.42 +1.5 1.57 +0.2 2.34 taph on camera? (6) 8 Pain-killer for a number having some force (7) 9 Dog gets payment for some 9 Dog gets payment for some electricity (7) 11 One way to give us our than one volume (9) 13 He has lunch on quiet lake isle (9) hoped-for super domestic? 1222/45 225 403 225 403 227 121 122 122 122 123 122 123 122 123 122 124 123 125 125 125 126 125 126 125 126 125 126 125 126 125 126 125 126 12 isle (9) 15 Point of collection for character to fight (6-3) 17 Stuff to stuff part of bird put on inside (7) 19 Fiasco: cancel without taxi turning up (7) 21 Antipyretic? It isn't clear (6) 22 Connections, of course (5) (5-5) 12 Bird in the hibiscus (4) 13 Pretty picture, dog's home included (3-2) 14 Scots dress contains a two-way electrical unit (8) 16 Where Henry beat Richard, with shortened weapon between the two (8) 17.0 17.2 276.9 163.5 22.9 84.6 201.4 24.5 47.45 67.1 32.9 67.1 32.9 427 4680 421 000 42 lesson Administration (a)(b)(c) a, 5 Rajiligh Road, Hutton, Breatwood, Essen English (277 227:00 Dealin (277 25)(1) between the two (8) 18 Drink and trifle, about two Solution to Puzzle No.6,541 old pence (5) 20 Antique silver given to jourest 124 (2)(c)(d) VIH OIR 01-705 6382 VIH OIR 01-705 6382 : \$5.5. . P. . 2.5.5. 20 Antique silver given to journalist (4) 21 The game seems to be not to let it bounce (6-4) 23 Strike causes some limping everywhere (7) 24 Died on stage? Disgusting (7) 25 Reverse weapon to acquire something precious (6) 26 XS sounds too much (6) DOWN 1 Dog concerned with noise

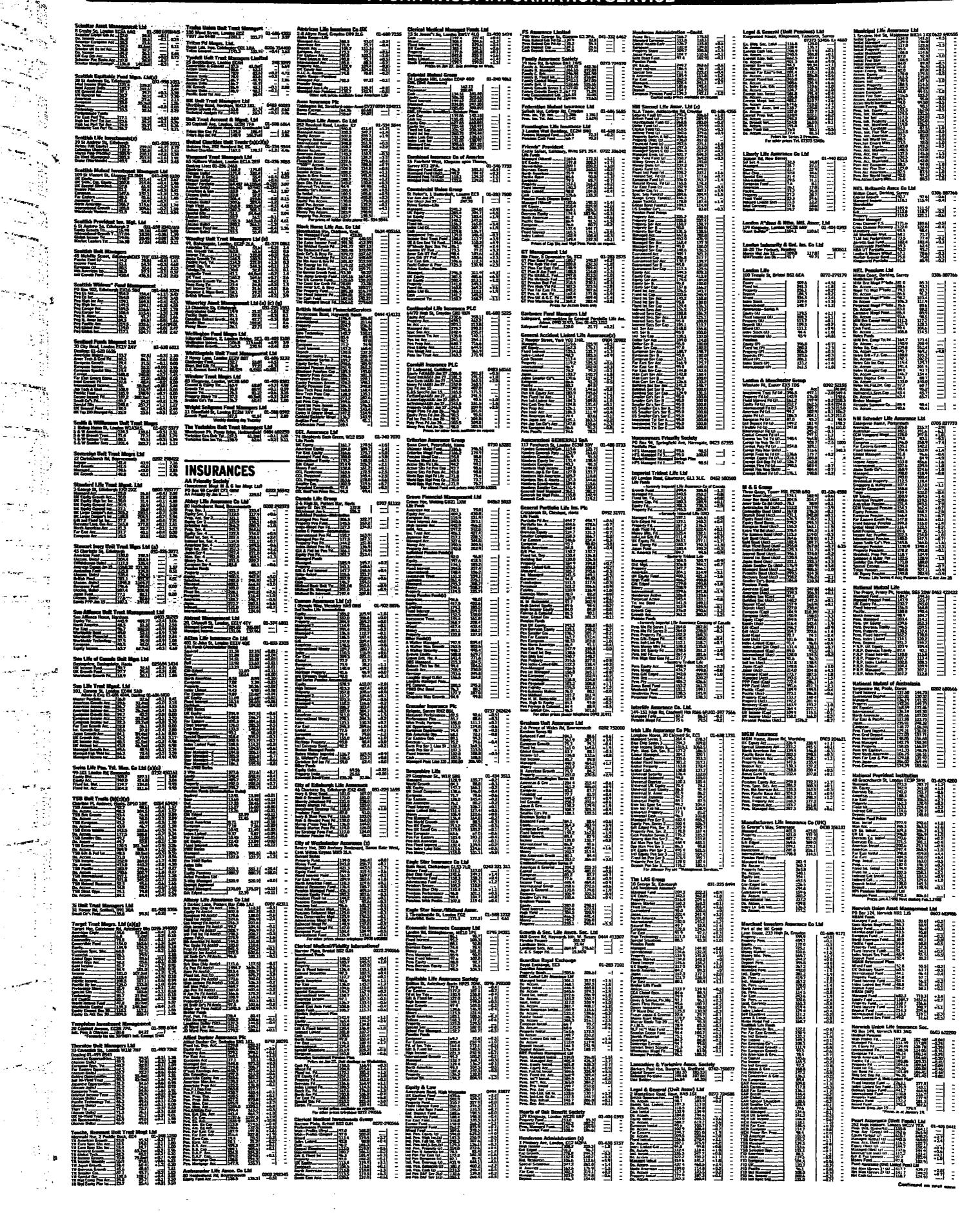
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1 Dog concerned with noise

abatement? (5)
2 President went crazy at first issue of state capital (7)
3 Bird seed in smoothing machine (9)

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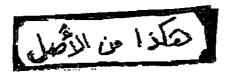


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Inc., Mar. Amb City Diese Co. Annot in Fifth Co. Gr Apin Shirmer Stillou. Gr Hamad Pannot Ma. Gr Hamad Pannot Lo. Gr M & S Island Proof PO Box 44, St Peter Pyrt, Generally Island States 1204, 1735 Perpeksal GT Mayes (Jesse PO Sez 45°9, St Relier, Jersey Oridane per Lords For 121.55° Oridane January (St. 121.45° Oridane Sensylas Fr. 121.45° Oridane Sensylas Fr. 121.45° Origane RF Corps Fr. 131.45° Origane RF Corps Fr. 131.45° 7 74 76 Prespective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parenthezer show RPI late should for indexing le 8 months prior to issue, RPI for May 1987:101.9 and in Parenthezer 1987-101.9 ## 544 ## 6534 # 4000 # 4000 -0.0 INT. 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INDUSTRIALS (Miscel.) - Contd.

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THE DISCLOSURE of a UK trade deficit for December at the top end of City forecasts failed to upset the UK securities markets yesterday. Having braced themselves for poor figures, market analysts seemed prepared to tolerate the modest narrowing in the current account deficit to £582m. Both moved higher throughout the session, pausing only briefly as the trade figures announcement appeared on the trading

Turnover in equities increased significantly, boosted by renewed speculative trading in oil shares as Elf, the French Group, increased its terms for Tricentrol, just as Atlantic Richfield swooped into the mar-ket to pick up 14.6 per cent of

the Tricentrol equity.
The broad range of the market was encouraged by a heavy-weight investment circular from Nomura Securities which other major markets in the com-ing months. A major brokerage house was believed to be operating a trading programme, involving both buying and sell-ing of leading stocks.

Share volume through the eaq system totalled 663.4m at 5.00pm, nearly twice the levels recorded earlier this week. The figure included 46m shares in Tricentrol, 7m British Gas, 9.1m BP "old" and 6.3m "new", 4.9m Ultramar, more than 2m in Enterprise Oil and 1.6m shares in Burmah.

Not all the investment interest was claimed by the oil shares. Dealers reported "some good quality, chunky business, fairly well spread across the full range of the market." There was a brief sell-off after the trade figures, but the equity market quickly steadied when it became clear that sterling, and the UK bond market, had taken the news without strain. There was definitely a better

tone about it", commented a trader at James Capel, the UK agency broker, "Investors were much more willing to deal".

The FT-SE 100 Index closed 18.7 up at 1783.9, the day's

best level. The Index stood a net five points up ahead of the trade figures news, which brought a brief dip into negative territory. The session opened well when

Salomon Bros, acting for an unnamed source - later identified as Atlantic Richfield (Arco) - bought heavily into Tricentrol shares at 180p. With Elf quickly raising its offer for the Tricentrol equity to 160p, the market scented another takeover battle, to take up the Estates Property Investment Company, (EPIC) spurted to 250p prior to closing a net 16

Trade figures brushed off as Government bonds and

equities advance in active trade running from the Britoil-BP-Arco saga. The rest of the oil sector roared ahead like a bon-There was Japanese buying

	Jan.		.ban ·		Jan	Year	1987/88		State Co	mpliatios
	28	27	26	25	22	Ago	High	Low	High	Low
Commissions Secs	89.72	89.21	88.94	89.39	88.69	85.35	95.32	83.73	127.4	49.28
			95.27	95.45	94.70	91.43	(8/5/87) 99.12	(19/10/87) 90.23	(9/1/35) 105.4	. (3/1/75) 50.53
Fizzó laterest	95.38	95.22	'	12,40	Y4.70	, 7 20	CI5/6/873	(2/1/87)	(28/11/47)	(2/1/23)
Ordinary 9	1436.0	74156	14180	1414.0	1421.0	1427.0	1926.2	1232.0	1926.2	49.4
]	}	G6/7/673	(9/11/87)	Q47/87)	(25/6/40)
Gold Miles	267.0	268.2	265.7	279.1	279.9	322.6	497.5	261.6	734.7	43.5
]			1	(48/87)	(FLT7/EL)	(15/2/83)	(26/10/71)
Grd. Dity. Yield	4.37	441	4.42	46	4.40	3.99	l	S.E AC		
Earnings Yid. %(fell)			31.16	11.19	11.02	9.36	<u> </u>	ndices	Jun.27	. 1=26
P/E Ratio (pet)(*)	11.07	11.14 10.98	10.96	10.92	11.12	13.10		mispaira		177.5
SEAQ Bargains (Spm)	25,073	22.053	23.534	22,950	20,744	37,029	Equity Barg		145.9	169.2 2024.5
Equity Turnover (Em)		871.21	1001.59 727.07		2036-61	1585.94	Equity Value			
Equity Bargains	1	22.518	26111	24.392	31,202	46,864	Gilk Edged Burgales		1461	135.0
Stages Traded (ml)	1 :	349.4	366.2	307.5	470.1	580.3	Equity Barg Equity Valo		170.0	173.7 1927.8
3675) ZSE 401	•									<u> </u>
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1415.7	8.1	1416.9	" *	117.2	1422	·"]	4467,7	127610	<u> </u>	
		- Dendi	High 1	420 O	Dav'e	Innu 14	137			•

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001 up at 246p following a surprise 282p to end 3 down on the day

offer of 240p per share cash from fellow property group Peachey. The bid values EPIC, and wholesaler of wines and quickly marked up by 20 to 180p as Salomon and Kleinwort which is primarily involved in industrial property, at \$58.5m and the price of 240p repre-sents a premium of some 20 per ing level of 187p. The market is looking for an "auction" of Tri-centrol, with Elf's increased cent over the EPIC share price of 200p on January 8 this year. offer of 160p already brushed aside on the hope that Atlantic Other possible bidders include Exxon, the world's largest oil group which was once thought

higher at 44p, after 45p, has pledged its 25 per cent shareholding in EPIC to Peachey unless a higher bid emerges.

EPIC has rejected Peachey's bid because it believes the offer threw aside recent caution and the statement of t The excitement set a light to the rest of the second-line oil stocks. Enterprise Oil, expected to disclose a drilling report shortly, jumped 18 to 295p, Ultransar bounced 21 to 237p, and London & Scottlish Marine. does fully reflect the company's

approaches received.

Guinness were initially unsettled by mistaken press reports of Argyll being poised assets attraction, the stock is to sue for up to \$3bn over the Distillers affair. A newspaper stated that the supermarket the market with the announce the market with the announce of the supermarket the supermarket the market with the supermarket the market with the supermarket the supermarke tle for control of Distillers.

as dealers awaited the next No official statements were at 621p. step in what is now regared as a largely "political" deal, involving both Golden Shares issued but reports later A strong performance from suggested that Argyll would be Rank Xerox contributed to pre-unlikely to make any such tax profits of \$208m for the move until the outcome of other judicial proceedings. Guinness lysts forecasts ranging from shares then recovered from \$200m to \$205m.

and wholesaler of wines and spirits, eased on the loss of a

contract held by subsidiary Dent & Reuss for the past fourteen years. The agency for the distribution of Glenmorangie, cent over the EPIC share price of 200p on January 8 this year.

Peachey's share price dipped of malt whisky in England and to 376p on the bid announcement, but later partially recovered to close a net 5 down at 381p. London Securities, 3 higher at 44p, after 45p, has pledged its 25 per cent share-bolding in EPIC to Peachey with annual profits of \$200.2m

bought the shares heavily as value. It is currently involved the price rose 11 to 262p during in discussions concerning other a turnover of 11m shares. Ana-

group was finalising details of ment of a 27 per cent increase a writ following the High Court in its annual profits. This was reserved judgment on the Guinquickly reflected in the share ness attempt to overthrow a price which surged ahead in Takeover Panel ruling made at active trading conditions (some the time of the acriminous bat- 6.5m shares pased through the Seaq system) to close 34 highe

Courtesida (*327)

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tion of a trio of investment trusts managed by Ivory & Sime were none too well because of the matched bargain received. The terms were described as inadequate, and marketmakers said that the vesterday in Verson Internadeal was far from next. Atlan-tic Assets were affected most, falling 5½ to 44p, while Edin-burgh American Assets closed

102p and Japan Assets at Caledonia Investments' purchase from a single source of a tion with a one for five rights 25.4 per cent shareholding in English & Scottish Investors reacted badly on the latter's these shares opened at 4p, reacted badly on the latter's shares, which settled 5 lower at 101p. Shareholders are due to stimulated Whithread "A", up vote at the annual meeting 6 at 294p, but other Brewery whether E & S I should conleaders adopted an easier trend. Caledonia Investmenta' pur-

annual profits together with a terday. \$3m placing of Convertible loan The Building sector displayed

stock left **Argyle Trust 8 down** at <u>8</u>1p.

The major clearing banks displayed no set trend, but trading volumes were higher than of late. Lloyds slipped 5 to 253p on a turnover of 3.7m shares. Midland, on the other hand, with 3.9m traded, firmed 5 to 405p. Royal Bank of Scotland while Meyer International added 3 to 350p.

Laporte were in demand fol-

Securities Market; the shares, previously traded under Special Rule, opened at 41p, but drifted back to 37p. There are now six marketmakers in the shares. One dealer commented that pent-up sellers had taken advantage of the USM facility to pass on unwanted stock which, prior to the USM quote, was extremely difficult to trade

rule.

Trading also got underway yesterday in Verson International, after its merger with listed engineering company Bronx Engineering; the shares traded between 19p and 24p prior to closing at 22p. Dealings also started in Verson new nil also started in Verson new nil paid shares, issued in connec-tion with a one for five rights issue at 15p to raise £1.88m;

Fresh fund raising, the company proposes a rights issue of and the close was 9 higher at \$21.5m, necessary for future 491p; gossip of further stake-expansion in both America and building by a leading UK major and Australian group Elders IXL refused to die down but marketmakers saw little evishares ended cheaper at 36p. marketmakers saw little evi-News of sharply increased dence of fresh purchases yes-

NEW HIGHS AND LOWS FOR 1987/88

BRUTISH FUNDS (2) Tress. Spc. Cv 1900, Tress. SRipc. In 'C' 1997 (150pd), COM-HONNESALTH & APRICAN LOANS (1) Str., Rhodesis 25pc. Non-Assented, AMERICANS (1) Premark Intl., BREWERS (1) Greene King, BLECTHICALS (1) Electronic Rentals, TRUSTS (2) River & Mercantila Stanced Prof., Scot. Heliconi Biscood Prof.

LONDON TRADED OPTIONS

22 32

27.75

several bright features with institutional buyers re-emerging for selected quality stocks, including Tarmac, finally 7 higher at 232p, and Marley, which closed 6½ up at 149p. Taylor Woodrow firmed 5 to 386p and George Wimpey picked up 4 at 259p, while Alfred McAlpine advanced 10

eased a penny to \$44p on a turnover of 2.2m shares, including a block of \$60,000 passing through the system at \$41½p.

Sedgwick, a dull market on Wednesday reflecting a Wood Mackenzie profits downgrading, staged a useful rally on thoughts that the fall had been overdone and closed 4 better at \$214p, after \$216p. Volume Mackenzie profits downgrading, staged a useful rally on thoughts that the fall had been overdone and closed 4 better at 214p, after 216p. Volume amounted to 1.8m shares.

Kunick, the health care and entertainments group, staged a quiet debut in the Unlisted Securities Market; the shares, previously traded under Special to the USM market, featured a jump of 38 to 2900 on the

jump of 38 to 290p on the announcement of a bid announcement of a bid approach. Inevitably, Wool-worth were put forward as a possible contender, but a num-ber of dealers thought this was unlikely in view of its recent successful acquisition of Tip

successful acquisition of Tip Top. It was also suggested that Lloyds Chemista, up 6 at 138p, after having been down to 128p at one stage, may be interested. Among the leading Stores, Woolworth, 283p, and Burton, 244p, both of which are current buy situations with Nomura Securities, improved 12 and 6 respectively. Marks and Spen-cer closed little altered at 185p but were actively traded (5.8m) in the wake of its plans to offer personal loans to its 2m Chargecard holders.

The leading UK suppliers of

telephone systems encountered calmer conditions after Wednesday's nervousness on worries over British Telecom equipment contracts. Plessey, the hardest hit stock that day, continued to trade freely, although volume halved at 7.6m, and settled 4 up at 149p while GEC regained 3½ to 161p. BT, which announced increased charges for inland private circuits, improved 2½ to 231½p despite a "sell" recommendation from a leading securities house. Among other leaders, BICC rose 8 to 349p and Cable & Wireless gained 8

to 353p.

Rolls-Royce, up 3 st 143p in a volume of nearly 6m shares, was thought to have reflected further sales by excess foreign holders. Earlier this week excess holdings stood at around 15m, but most are now thought to have been sold.

The majority of the major international stocks closed with little alteration. Once again, Hanson were actively traded (some 7.2m shares) before settling a comple of pence better at 136%p. Glano improved % to \$10% with around 2.8m shares going through the Seaq system.
Buying interest revived in British Aerospace which put on 8 to 376p while Cookson, a current favourite with a number of investment analysts, also staged a revival and put on 10 to 552p British Airways were briskly traded (around 4.8m shares) and closed 3 higher at 171p, after having touched 165½p in the early dealings. Phillips and Drew are currently recommending purchases of recommending purchases of British Airways on the belief that the recently acquired BCal that the recently acquired BCai could boost profits by £80m a year, which is expected to come through strongly in 1989. BAA were also an active market, closing a couple of pence firmer at 109p in a volume of 6.6m shares. Granada gained 9 to 327p following staff rationalistion moves. alistion moves.

Maxwell Communication returned to favour, gaining 9 to 247p, but the star of the sector was Haynes Publishing which, following an excellent first-half following an excellent first-half trading performance, soared 80 to 428p in a restricted market. Bunzi dropped after news of the acquisition of a California-based distributor of high-quality building products for \$24.2m and ended 4 lower at

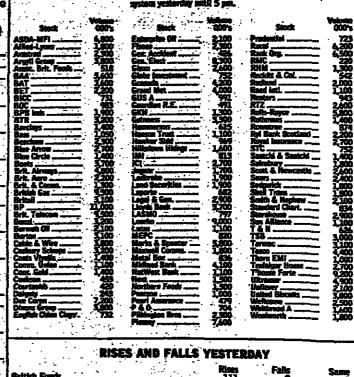
160p.
Traded option contracts came out at 27,932. Calls amounted to 20,962 and puts totalled 6,970. British Gas calls were active at 4,097, while FTSE contract registered 2,169 calls and 1,396 puts.

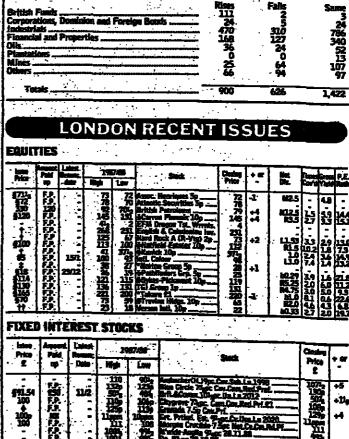
Traditional Options • First dealings Jan 18

● Last dealings Jan 29 ● Last declarations Apr 21 • For Settlement May 3 For rate indications see end of

London Share Service Interest in the Traditional option market remained at a low level. Stocks dealt in for the call included Kunick, Norfolk Cepital, Eagle Trust, Far Eastern Resources, Premier Consolidated and Epicure. No puts were reported, but a dou-ble option was transacted in

TRADING VOLUME IN MAJOR STOCKS





Closing Price

FT - ACTUARIES INDICES

of British Gas and Glaxo, both of which featured in Nomura's

list of twelve recommended "core" companies. Also giving a

strong lead to the market were Shell, which is nearing its dividend date, and Rank Organisation, which disclosed good trading results. Properties were encouraged by a modest-sized takeover hid.

takeover bid.

Government bonds continued

to respond to the strength of the New York bond market,

which gave an additional boost to the close of the London mar-

ket. Most of the interest was seen at the long end of the Gilts market, which had already put on around % of a point when the announcement of the trade

figures brought a markdown "which lasted all of five min-

utes", according to one trader at a US bank.

The sector quickly recovered, on the back of the foreign

exchange markets, and by the end of the day, gains ranged to a full point in the longs. Short-dated Gilts were less active, but

added about 1/2 as concerns over unward pressures on base rates

continued to fade.

Tricentrol shares were

Benson led the buying forsy

which took the shares to a clos-

Richfield will employ some of its profit on its Britoil stake.

and London & Scottish Marine

Oil (LASMO) added 9 to 314p.

Burmah shaded 1 to 480p as Pennzoil rejected interest in

Nor did interest slacken in

the sector's major bid saga.

With the Kuwait oil minister known to be meeting Mr Nigel Lawson, the UK Chancellor, shares in BP "new" edged up to 77p, and the "old" gained 7 to

264p. Britofl, at 479p, closed 5 up

and effective foreign interest.

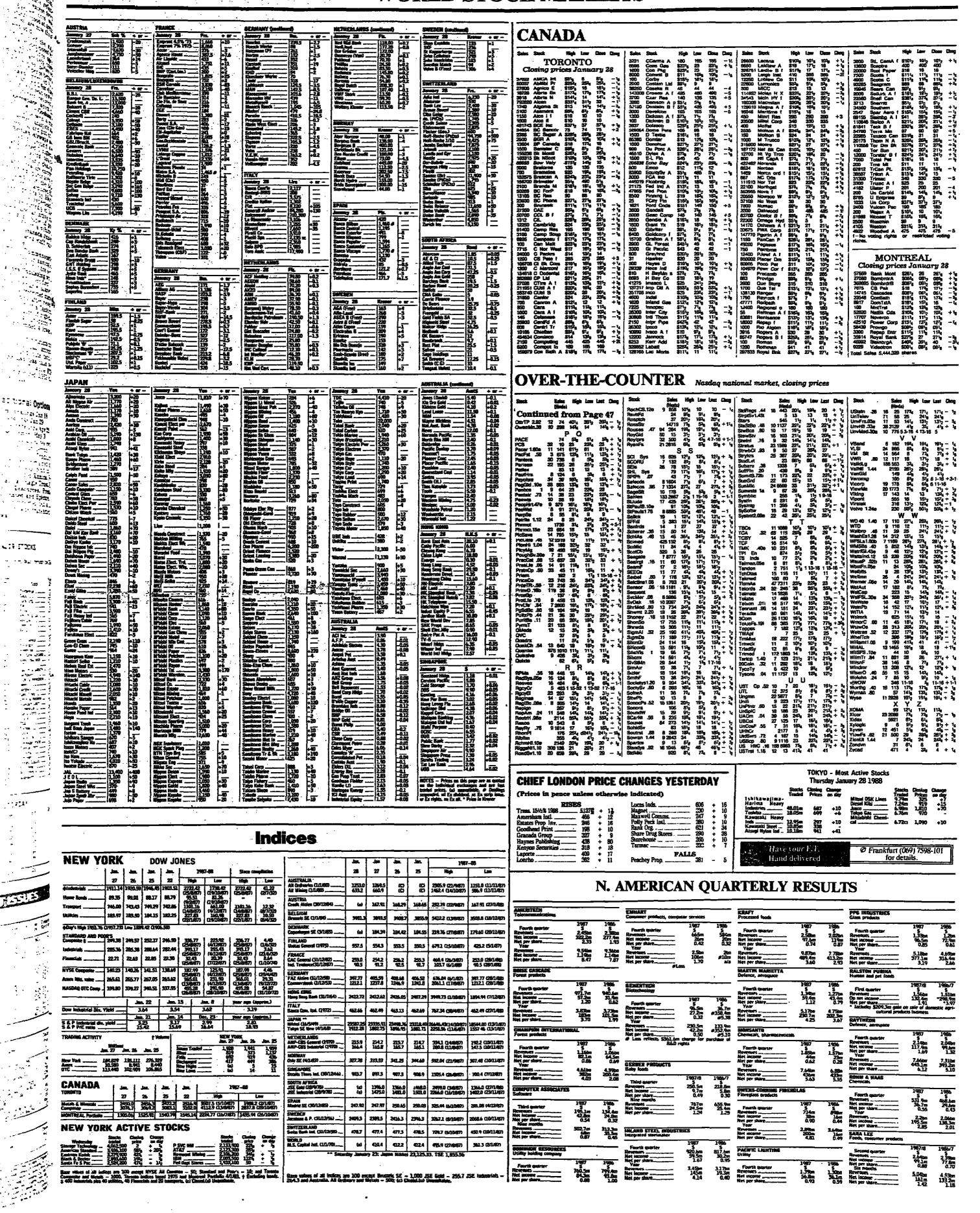
to be interested in Britoil.

These ladices are the joint compilation of the Financial Times the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section		<u> </u>	Thursd	lay Jan	Wed Jan 27	Toe Jan 25	### 보이 25	Year ago Capprox			
		index No.	Day's Claange %	Est. Earnings Vield's (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	ud adj. 1988 to date	fadez No.	index No.	index No.	index No.
1	CAPITAL GOODS (209)	744.42	+1.0	9.69	3.90	12.95	1.05	737.48			767,33
2	Building Materials (30)	964.15	+6.8	9.97	3.83	12.48	0.43	975.94			935.07
3	Contracting, Construction (34)	1479.43	+0.7	9.07	3.36	14.63	8.38	1469.30			1321.5
4	Electricals (12)	2973.18	+1.6	9.00	4.67	24.40	0.00	2013.33			
5	Electropics (32)	1509.21	+1.7	10.71	3.50	12 18	6.09	1484.59			1723.04
<u>6 </u>	Mechanical Engineering (57)	389.98	+8.6	9.54	4.27	13.18	0.19	387.49			436.87
8	Metals and Metal Forming (7)	440.24	+0.7	9.78	3.61	12.33	0.08 0.00	437.23 273.84		441.83 272.96	399.74 382.87
9	Motors (13)	278.58 1249.75	+1.0 +0.6	10.89 8.34	4.17	18.69 14.24	2.67	1242.55			
۱ د	CONSUMER GROUP (184)	1049.99	+0.6	8.46	3.48	15.06	0.62	19(1.73			
2	Brewers and Distillers (21)	983.25	74.5	11.32	4.81	11.21	0.02	983.21	[981.34	966.27
ŝl	Food Manufacturing (23)	254.92	+0.5	192	3.76	14.47	1.06	62.79			7%31
61	Food Retailing (16)	2004.61	+0.4	7.73	2.94	17.19	419	2975.67			1946.15
71	Health and Household Products (10)	1819.20	+1.0	6.45	2.47	18.49	0.83	1802.07		1769.50	1868.10
۱۹	Leisure (31)	1208.22	+1.2	7.62	3.90	16.34	0.00	1193.54	2288.13		1105.2
ī į	Packaging & Paper (16)	494.54	+8.3	8.61	3.70	15.28	8.46	495.18	496.04		552.84
2	Publishing & Printing (16)	3484.41	+1.5	654	4.24	19.22	4.11	302.35			3266.9
4	Stores (34)	859.85	+15	8.84	3.57	15.16	0.25	846.82			87113
5 J	Stores (34) Textiles (17)	567.58	-0.3	11.16	3.99	10.34	0.0 0	599.41			63L%
o	OTHER GROUPS (92)	871.97	+0.8	10.53	4.25	17.86	0.57	164.30			\$78.97
1	OTHER SROUPS (92)	1097.79	+0.4	6.65	2.22	19.27	0.61	3992.99		1999.12	
2 l	Chemicals (20)	1053.06	+0.4	9.78	4.45	12.66	3.22	1948.79			1149.89
3 į	Conglomerates (13)	1183.03	+1.5	9.92	4.48	11.76	6.66	1165.13			
5	Shipping and Transport (11)	1862.56	+8.8	8.97	4.41	14.60	6.66				
?	Telephone Networks (2)	915.35	+1.3	11.76	4.62	11.32	0.00 ALA	963.24		992.17 1141.77	892.35 1297.55
8	Miscellaneous (27)	3746722	-0.4	12.94	4.06	9.21					
9	INDUSTRIAL GROUP (485)	932.11	+0.8	9.34	3.80	13.50	0.76	924.43		921.68	932.87
1	Oil & Gas (15)		+3.0	9.29	5.50	13.27	0.00			1750.50	
9	580 SHARE INDEX (500)	1894,73	+1.1	9.33	4.06	13.46	8,70				
1	FINANCIAL GROUP (124)	660.40	+8.4	(-	4.77		8.21	657.78			650.5
2	Banks (8)	667.05	+8.2	19.85	5.89	6.65	9.66	665.49			7168
5	Insurance (Life) (8)	992.54	+0.6	-	4.64	-	8.00	985.83		973.19	
<u>6 </u>	Insurance (Composite) (7)	513.05	+0.7	<u></u>	5.37		0.80	399.36 195.23			493.56 1194.95
7 8	Insurance (Brokers) (8)	991.48 358.63	+0.7	12.29	6.38 4.07	19.41	0.00	365.73			382.97
ו	Merchant Banks (11)	1626.21	104	515	2.99	24.81	8.32	1822.88			827.8
6	Other Financial (30)	389.62	-0.5	939	434	13.44	138	391.42		392.79	496.3
ĭ	Investment Trusts (86)	840.23	+82	-	3.04		0.81	833.42		838.72	
â۱	Mining Finance (2)	424.51	+0.2	10.71	4.02	16.52	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	423.98		422.57	371.5
i	Overseas Traders (8)	1026.11	+1.7	9.35	5.26	12.63	8.08	1888.64			BAL
7	ALL-SHARE INDEX (720)	911.78	+1.0		414	_	9.57	982.73	+	903.57	899.16
4	AL SOARE INVEX (124)							_			
		Index No.	Day's Change	Day's High	Day's) Jan 25	Jan 25	22	, Jan 21	Year
┪	FT-SE 180 SHARE INDEX 4								1770.9		
_				T	AVED	ASE SIN	228		The	Wed	Year
	FIXED INTER	E\$T					YIELDS		Jan 28	<u>141</u> 27	ago

FI	XED I	NTE	REST				AVERAGE GROS REDEMPTION Y		The Jan 28	Wed Jan 27	Year ago (appro
PRICE INDICES	Thu Jan 28	Day's change %	Wed Jan 27	ad adj. today	nd adj. 1988 to date	1 2		5 years	8.71 9.22	8.82 9.33	9.1
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O Preference	87.16	+0.86	86.42	-	0.33	17 18	Preference	25 769-5	10.76 10.42	10.86	_

WORLD STOCK MARKETS



2007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 1007 | 10

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WORLD STOCK MARKETS



Dow fluctuates to close with a modest rally

Wall Street

EQUITIES fluctuated with little conviction yesterday but ended the day moderately higher, urites Janet Bush in New York. The Dow Jones Industrial Average scored a gain of about 20 points in early trading, then slipped back to Wednesday's closing levels before closing 18.90 points higher at 1,1930.04. Trading activity was moderate with about 167m

shares changing hands.
US financial markets continued to react to Wednesday's news of a 4.2 per cent rise in fourth quarter GNP and 2.7 per cent increase in the GNP defla-

The response of Treasury bond prices has been unequivo-cally positive as the market chose to concentrate on the lower than expected indicator

of inflation and a very large build up in inventories. Bonds interpreted the figures pessimistically for the economy and many analysts forecast growth of only 1 per cent in the first three months of this year. The build up in inventories provided evidence that strong

production over the last few months had met weak demand.

Economists at S.G. Warburg
Securities said: "The current
economic outlook in the market
clearly removed fears of a Fed
tightening, especially since
inflation still appears subdued
and the dollar is stable".

Particular attack Wednesday's

and the donar is stable.

Bonds extended Wednesday's two point raily and the Treasury's 30-year 8.875 per cent benchmark issue closed % point higher to yield 8.48, the long bond's lowest yield since early linky.

Bond market participants reported some retail interest. The market's strong raily in recent weeks has been mostly on professional buying and there had been some worry that a rally without retail participation could not be sustained.

Yesterday's genuine buying was a good sign, but there is still some concern that the mar-ket could be vulnerable because of the swiftness of recent gains, particularly with the \$27bn refunding due in the first week of February.
The GNP figures were, at

best, ambiguous for the equity market. Stocks hardly reacted and yesterday market commen-tators seemed to be trying to pick out the more positive aspects of the figures to explain the slightly stronger market

If the figures are interpreted as evidence that the US econ-omy is headed for a sharp deceleration in the first quarter, equities should be under

However, analysts preferred to talk about the potential boost to the market from lower interest rates if the US Federal Reserve believed economic weakness justifued an easing in monetary policy.

There appeared to be little reaction to yesterday's figures for personal income and consumption in December, which

were both close to forecasts. Income rose 0.7 per cent and personal consumption spending increased 0.5 per cent.

For the whole of 1987, personal income rose 6.0 per cent, some below the increase in

not much below the increase in 1986. However, consumer prices rose by around 4.4 per cent last year compared with an increase of only 1.1 per cent

Retail store stocks were mixed. Sears Roebuck slipped \$1/2 to \$33%, J.C. Penney rose \$1/2 to \$42%, May Department Stores dropped \$1/2 to \$33%, K Mart was down \$1/4 but Devitor Hudson rose \$1/4 to Dayton Hudson rose \$% to

The major piece of corporate news was the announcement of wide-ranging management restructuring at International Business Machines, which rose

\$1 to \$113% on the news.
Pennzoil, which announced fourth quarter net earnings of \$22m or 44 cents a share against \$46.5m or \$1.03 a share against \$46.5m or \$1.03 a \$5.70

The company said its latest fourth quarter results included an after-tax charge of \$18.9m TURNOVER on the Vienna from losses on short-term marketable equity securities and an after-tax gain of \$15.4m related to a tax refund.

Aspirin manufacturers continued to do well after the pubof heart attacks.

Sterling Drug, which manufactures Bayer aspirins, gained \$% to \$88% and Bristol-Myers, whose Bufferin brand was used in the research, gained \$% to \$43%.

per cent. Share prices overall have slumped by 15 per cent since the world market collapse on October 19. "But," points out the head of securities at one of the country's biggest banks, "it was never as low as other

Canada

and stocks posted a loss in mod-

had risen about five points in earlier trading, fell 15.9 points to 3060.80 as declines outnumbered advances by 475 to 330 on turnover of 24m shares. Base metals showed broad osses. Noranda lost C\$% to

expects the union representing workers at three Quebec smelters to return soon to central bargaining talks. Alcan fell C\$1% to C\$32.

SOUTH AFRICA

A FIRMER financial rand and cents to R27.50. the easier bullion price nudged gold stocks in Johannesburg lower, eroding most of the pre-

posted large losses. Vaal Reefs dropped R1 to R281, Randfontein lost R7.50 to P227 tein lost R7.50 to R237 and Elandsrand shed R1 to R19.

Among marginal golds, Free-gold gave up 50 cents to close at R32.25, Kloof declined R1 to at R32.25, Kloof declined R1 to changed overall, despite selec-R32.25 and Harmony fell 50 tive interest for blue chips.

Most other minings fell in sympathy. Anglo American lost 25 cents to R47.25, Gencor was 50 cents lower at R43.50 and

Diamond share De Beers gave up 75 cents to a 12-month low

Economists at Griggs & Santow in New York noted that in real terms, personal income gains were not enough to sustain consumer spending last

a year earlier, slipped \$% to \$67%.

Gamble gets clearance for its similar product Olestra. Monsanto yesterday rose \$1\% to midsession before slipping back to close \$\% higher at \$83\%.

Mr Peter Zelnik, a financial

DECLINES by golds and base metals outweighed gains by energy issues and industrials

erate trading. The composite index, which

Alcan Aluminium said it

Industrials ended little

Foreign sell-off pushes Frankfurt to three-year low

showed a 25.7 loss at 1,212.1.

Among the biggest victims,
Nixdorf closed a net DM24.9
lower at DM460 - after falling

reconsideration of the computer group's 1987 sales figures.

Dollar woes hit car stocks sharply, BMW easing DM14.50 to DM469, Daimler DM12 to DM527 and VW losing DM4.30 to DM202. Porsche reeled DM10.50 lower to DM410.50 ger cent rise. Turnover in Reserve topped 250,000 stocks. Other holding stocks softened. Gevaert, which leads a group that will take up most of Société Générale's defensive

FRENCH and West German retreated sharply under heavy foreign selling while other European bourses moved list-lessly in dull trade.

FRANKFURT slumped heavily in a wave of selling led by UK and US institutions which dragged the FAZ index to a three-year low.

After beginning softly on the dollar's fail, the market's floodgates opened after the FAZ sank below the closely watched support point of 400, which has held under pressure since last November. The index ended 7.82 lower at 397.77, while the midsession Commerzbank index showed a 25.7 loss at 1,212.1.

DM363.50, while Commerzbank gave up DM6.70 to DM193.50 in retailers despite better interim earnings and sales. Chemicals saw BASF down DM5.90 to DM223.20 and Bayer off DM3 at DM238. Engineering and steel stocks posted similarly modest losses. In electronics, Siemens edged DM2.50 lower to DM322.50. Trading in the stock was still overhung by confusion arising from a false agency report on Wedneaday that the group's earnings rose in 1987.

higher by a big rebound in Réserve after the market had welcomed a cut in Belgium's discount rate. The cash market 8.5 per cent at one stage - on a index ended 7.76 firmer at reconsideration of the computer 3,901.32.

London

• EUROPE

BOLSTERED by strong spec-ulative trading in oil shares and unflustered by the dis-closure of a UK trade defi-cit for December towards the higher end of City expectations, London equities managed a resilient

gain.
The PT-SE 100 index closed 18.7 higher at 1,783.9 after falling behind at one stage following the poor

capital increase, lost BFr60 to BFr6,520. Fellow chemical Solvay, however, rose on strong demand, adding BFr130 to BFr9,170, riding on optimism that it will post 1987 profits in line with strong first-half figures. Petrofina made up a modest BFr10 to BFr9,420, with analysts expecting the oil group to report a rise of 5 per cent in 1987 net profits today or on Monday.

trade figures.

A bullish circular from

Nomura Securities, which said it expected London to outperform other major markets in the near term, also provided further broad

Government bonds rose in response to US bonds, with the best gains at the long

due to a telephone breakdown which forced the abandonment of the official bourse session. A spokesman for the bourse said it was the first time the bourse had been forced to close early since the end of the Second. World War.

At suspension, Akzo was unchanged at Fl 89, while Royal Dutch benefited from well received results for its Shell Oil subsidiary to gain Fl 1 to report a rise of 5 per cent in 1987 net profits today or on Monday.

AG gave up BFr50 to BFr5,500 after its bid for a stake in Assubel-Vie was rejected by its fellow insurer.

AMSTERDAM trading was suspended at 4.30pm local time.

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AMSTERDAM trading was suspended at F1 89, while session.

Metals and steels posted whetals and steels posted sharp declines on weak earnable to F1 208.

MADRID inched lower in dull trade. The previous day's signe lost FFr402.

Retailers also lost ground and blue chips were lower with the had made up F1 2.80 to F1 exception of Elf Aquitaine, eased 0.05 to 247.92.

106.30 on strong foreing buying Nedlloyd feil 80 cents to F1
177.20.

ZURICH ended even after an
uneventful session. Wall
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SFr1 to SFr313.
Insurers were little changed

with the notable exception of Swiss Ré, which climbed SFr50 to SFr11,650.

PARIS was taken lower as foreign investors, notably British and American, led a broad sell-off. The CAC index lost 1.2 to 253.0 but, based on opening prices, but failed to reflect the steady decline throughout the session.

Metals and steels posted sharp declines on weak earn-

177.20.

ZURICH ended even after an uneventful session. Wall Street's overnight decline and the drifting dollar kept investors sidelined. The Crédit Suisse index added a tiny 0.3 to

Banks continued to neglected while the market awaited 1987 results. Union Bank eased SFr35 to SFr2,890 while Swiss Bank inched up

trials.

Fiat, expected to post a sharp rise in 1987 consolidated profit, rose L105 to L3,120.

STOCKHOLM advanced across a broad front in moderate trade bouyed by steady liquidity from domestic institutions. The Affaersvaeriden general index rose 6.3 to 735.3 as blue chips and forestry issues performed strongly. OSLO was further depressed

Standstill in Vienna while investors keep eye on dollar, taxes

bourse has become caught in the doldrums as the market has slumped to its lowest levels in two years, writes Judy Demp-

Among blue chips, Merck stood \$% higher at \$148%, Eastman Kodak gained \$% to \$43 % and Procter & Gamble recovered a loss of \$% at midsession to close \$% higher at \$84% shares and dividends.

The recent slump has cut

Nutrasweet, a unit of Mon-santo, may start to market its fat substitute before Procter & between Sch100m (\$8.52m) and

lication of research showing Trading in the 25 domestic com-that a regular intake of the panies listed is down by an drug appears to reduce chances average of between 10 and 12

exchanges."

One inhibiting factor helping steady the fall is the exchange steady the fall is the exchange rule limiting domestic share fluctuations to 5 per cent in a trading day. The clause has had to be invoked only once, however, since black Monday.

Between October 19 and

December 4, the Vienna bourse fell by 13.4 per cent to leave the stock exchange index at 210.87, down from 257.57 in September after the market had been heavily bought by foreign investors during the early part

Now however, foreigners are for the best part divesting themselves of Austrian shares and the market has continued to slide. At yesterday's close the index was 195.30, a fall of 1.36 and touching its lowest point since April 1985 when it plumbed 188.91.

Large-scale buying in recent weeks has dried up. Moreover, the Austrian investor is cau-tious by nature – a fact indi-cated by the huge level of savings in the country's banks. White the equities market has remained subdued, more than Sch1,000bn is stashed away in

saving accounts. Nevertheless, the market's slide as share ownership has widened. According to bankers' estimates, the number of Aus-trians owning shares has risen

Austria FT-A World Index (in Schilling terms)

from only 1.5 per cent to around 2 per cent over the past

1987

This gradually rising interest in equities is due largely to plans by the Socialist-led coalition Government partially to privatise some of Austria's many state-run industries. The plan, enabled in a bill pas last July, envisaged the sale of shares held by OIAG, the hold ing company for nationalised industries, and sales of up to 49 per cent of the country's electricity industry.

Last November, 15 per cent of OEMV, the successful, state-owned petrochemical company, was listed on the bourse. Its price has remained stable despite the market's wider fluc-tuations. OEMV's capitalisation accounts for between 10 and 15 per cent of the bourse's average

As the market falls, however the question preoccupying financial analysts is how investors will react both to prop tax reforms and a spate of new

listings later in the year.
The Government is shortly expected to unveil a tax reform package which would reduce tax incentives on shares and dividends. "Investors might be reluctant to increase their

reluctant to increase their equity share" says Mr Zelnik, analyst at Girozentrale.

Analysts are more optimistic, though over the Government's privatisation plans. In May or June, 25 per cent of the successful Austrian Airlines will be listed and despite the sloom. be listed, and despite the gloom enveloping the market, many analysts are forecasting its pop-ularity.

Retailers spur Nikkei's rebound

Tokyo

AFTER a weak start, share prices took encouragement from the dollar's continued stability while strength in retailers and financials lifted prices later

in yesterday's session, writes Shigeo Nishiwaki of Jifi Press.
The Nikkei stock average closed 251.34 higher at 23,587.25, but volume dipped 23,587.26, but volume dipped to 631.35m shares compared with Wednesday's 839.01m. Advances outnumbered declines by 594 to 322 with 132 issues unchanged.

A wait-and-see mood dominated the market in early trad-

nated the market in early tradnated the market in early trading although the steady dollar
triggered light buying. During
the afternoon, it was reported
that the Finance Ministry was
reviewing the offering method
for the third public sale of
National Telephone & Telegraph (NTT) shares planned
this autumn, including a nossithis autumn, including a possi-ble cut in the amount of shares

subject to sale.

In the second sale of NTT shares last November, the Gov-ernment publicly offered 1.95m shares at a per-share price of Y2.55m, with 1.65m shares sold

NTT's rise triggered buying in financial issues with Taisho Marine and Fire adding Y40 to Y1,130, Tokio Marine and Fire up Y60 to Y1,940 and Simitomo Bank climbing Y120 to Y3,680. Ishikawajima-Harima Heavy

Industries topped the active list with 48.01m shares changing hands and advanced Y10 to Supermarket chains performed strongly on expecta-tions that the strong yen would help reduce import costs. Jusco-surged Y70 to Y1,810, Daiei added Y70 to Y1,860 and Sev-

en-Eleven Japan was up Y270 at Y8,600. Bond prices firmed, but the market still lacked vigour. The market made a good start in response to the strong over-

night performance of the US

bond market. The yield on the benchmark

to individual investors. The NTT stock price has since been fluctuating between the low to 4.250 per cent from 4.295 NTT stock price has since been fluctuating between the low levels of Y2.20m to Y2.30m.

NTT fared poorly during the morning, losing Y10,000 to Y2.22m, but the reports sparked buying interest and sparked buying by a major broker-age and ended at 4.235 per cent.

On the Osaka Securities Exchange (OSE), prices staged a sharp rally, with the 250-is-sue OSE stock average closing 189.11 points higher at 23,785.92 in moderate turn-

Singapore

SPECULATIVE buying and light bargain-hunting after two days of declines helped share prices stage a modest rise but trading remained listless with institutions sidelined. The Straits Times industrial index rose 6.34 to 903.73. Price

index rose 6.34 to 903.73. Price movements were generally narrow and blue chips ended steady to firmer.

DBS Land was active on the first day of trading in which foreign holders of 150m shares could sell. The counter fell 5.5

cents to 94.5 cents and selling was well absorbed.

Australia

THE EXTENDED slide in gold and copper prices dragged resources sharply lower. The All Ordinaries index shed 16.2 to 1,253.3 and the gold marker dropped 93.5, or 5.3 per cent, to 1,662.5.

Quality gold-related stocks were marked down throughout the session. Sons of Gwalia dropped 60 cents to A\$6.00, Metana gave up 40 cents to A\$8.30, Emperor lost 30 cents to A\$2.50 and Newmont shed 15 cents to A\$1.35.

Among mines, Bougainville fell 35 cents to A\$3.10 **Hong Kong**

UTILITIES were the only bright spot in dull, directionless trading. The Hang Seng index inched up 0.10 to 2,412.72.

Banks were depressed by HongKong & Shanghai Bank's announcement that its US-

based Marine Midland unit had

added \$200m to its loan-loss

Confederation Life

£35,000,000

Loan Facility

Arranged and Managed by

J. Henry Schroder Wagg & Co. Limited

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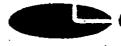
Westdeutsche Landesbank Girozentrale

Kredietbank N.V., London Branch

J Henry Schroder Wagg & Co. Limited Schroders

This announcement appears as a matter of record only

September, 1987



£20,000,000

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J. Henry Schroder Wagg & Co. Limited



FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND RECIONAL MARKETS		THURSE	RAUHAL YA	728 1988	į	WEDNES	BAY JANUAH	TY 27 1988	DOLLAR INDEX			
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Locai Currency Index	1987/88 High	1987/88 Low	Year ago (approx)	
Australia (93)	97.97	-1.4	81.46	91.21	4.96	99.38	82.78	92.64 77.49	180.81 102.87	85.36 85.53	101.89 98.38	
Austria (16)	89.50	+0.1	74,42	77.49	2.70	89.42	74.48	90.84	134.89	94.63	106.07	
Roleium (48)		+0.3	87.92	92.13	5.20	105.39	87.78 91.13	101.29	141.78	98.15	112.02	
Belgium (48)	107.86	-1.4	89.68	99.73	3.05	109.41	94.39	98.57	124.83	98.18	123,80	
Denmark (38)	113.68	+0.3 -0.6	94.53 91.82	98.88	2.99	113.32 111.05	92.50	94.71				
Fipland (23)	110.43	-0.6	91.82	94.02	1.81		62.21	65.99	121.82	74.13	111.43	
France (124)	74.13	-0.8	61.64	65.32	4.54	74.69	57.94	60.43	104.93	68.38	93.88	
West Germany (94) Hong Kong (46) reland (14)	68.38	-L7	56.86	59.22	3.12	69.57	76.28	91.73	158.68	73.92	100.86	
Hose Kons (46)	91.49	-0.1	76.07	91.61	5.74	91.59	93.85	99.67	160.22	93.50	115.40	
reland (14)	112.85	+0.2	93,84	99.76	4.54	112.68	58.42	64.53	11211	70.11	102 11	
taly (94)	70.39	+0.4	58.53	64.69	297	70.14 147.03	122.46	118.50	161.28	100.00	116.44	
Isnan (457)	149.46	+1.7	124.28	120.13	0.58		98.07	116.02	193.64	93.76	113.43	
laly (94) Japan (457) Malaysia (36)	119.14	+12	99.07	117.21	3.19	117.74		316.50	422.59	90.07	114.02	
Mexico (14)	13142	+0.6	108.86	321.36	1.11	130.16	108.41 80.24	82.54	131.41	87.70	105.22	
Netherland (37)	96.91	+0.6	80.58	82.78	5.44	96.34	50.2° 59.97	57.00	138.99	72.00	90.02	
Now Tealand (24)	73.29	+1.8	60.94	58.06	5.66	72.00		87.62	185.01	95.51	109.50	
Norway (24) Singapore (26) South Africa (61)	98.55	-3.1	81.94	84.97	3.22	201.66	84.68	97.10	174.28	81.21	1081	
Ci	105.13	+0.8	87.41	97.76	2.48	104.31	86.88	81.20	198.09	100.00	11364	
South Aldre 1/11	125.13	-2.4	104.05	79.87	5.22	128.15	106.74	117.58	168.81	100.00	318.8	
South Milita (OT) The management	136.52	-0.5	113.51	116.97	3.48	137.17	114.25		136.64	88.50	91.53	
Spain (43) Sweden (34)	105.40	+11	87.64	93.62	2.66	104.28	86.86	92.71	111111	73.65	102.26	
Sweeen 1.347	77.09	+0.2	64,10	64.81	2.56	76.91	64.06	64.89		99.65	1124	
Switzerland (53)	131.31	+12	109.18	109.18	4.29	129.73	108.06	108.06	162.87		113.07	
United Kingdom (329)	103.38	+15	85.96	103.38	3.60	101.87	84.85	101.87	137.42	91.21	1130	
USA (588)	702.30	1 +45						85,17	130.02	92.25	306.2	
E (071)	99.91	+0.4	83.08	85.32	3.99	99.54	82.91	116.35	158.77	100.00	115.26	
Europe (971) Pacific Basin (682)	145.22	+1.5	120.75	117.83	0.80	143.01	11911	103.91	143.65	100.00	1116	
Pacine Basin (002)	127.11	+1.2	105.70	104.87	1.81	125.64	104.65		137.55	91.68	113.0	
Euro-Pacific (1653)		+13	86.16	103.19	3.56	102.27	85.18	101.85		78.89	95.8	
North America (715)		-0.5	66.93	70.26	3.68	80.86	67.35	70.73	111.97	82.92	100.6	
Europe Ex. UK (642)		-0.6	78.19	88.59	5.08	94.56	78.76	89.15	164.03		111.70	
Pacific Ex. Japan (225)	74.02	+1.1	105.13	104.55	1.88	125,12	<u>104.21</u>	103.70	143.38	100.00	112.2	
World Ex. US (1855)	126.44		96.59	103.58	225	114.78	95.61	102.51	138.82	100.00		
World Fx. UK (2114)	179.70	+12	97.66	104.27	2.44	116.03	96.64	103.17	139.47	100.00	1122	
World Ex. So. A[, (2382)	117.45	+12		36.09	3.78	101.30	84.37	95.31	134.22	92.98	110.2	
World Ex. Japan (1986)	102.19	+0.9	84.97	70.07			<u> </u>	302.02	139.73	100.00	1122	
4444		+	07.70	304 11	246	11611	96.71	103.03	כו.תבון	1 100.00	عصدا	

104.11 2.46 116.11 97.70 117.50 +1.2 Base values: Det 31, 1986 = 100; Flotant: Dat 31, 1987 = 115,037 (US \$ laden), 90,791 (Po